

## Second Quarter 2017 Results

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

### RELEVANT EVENTS

- On June 30, 2017, Grupo Carso S.A.B de C.V. paid the **first installment of \$ 0.45** (forty-five cents N.C.) payable in cash or Series A-1 shares, of the dividend of \$ 0.90 (ninety cents N.C.) approved at the Ordinary General Shareholders' Meeting.
- On July 12, 2017, as a result of its participation in the CNH-R02-L03 / 2016 tender for Blocks in land areas convened by the National Hydrocarbons Commission (CNH), the subsidiary **Carso Oil and Gas, S.A. Of C.V. won the blocks identified as Contract Area 12 and 13**, located in the southeast of Mexico, for the exploitation and exploration of hydrocarbons. The minimum investment commitments in accordance with the call are USD \$ 12.9 million in area 12 and USD \$ 7.4 million in area 13.

### HIGHLIGHTS

**SALES**  
**-3.0%**

- Grupo Carso's **consolidated sales** decreased 3.0% to Ps. 22,192 MM. Grupo Sanborns increased its sales 7.0% while Grupo Condumex and Carso Infrastructure decreased their sales by 6.9% and 10.4%, respectively.  
From January to June 2017, sales increased 0.5%, reaching Ps.44,356 MM.

**OP. INCOME**  
**-8.3%**

- **Operating income** for the quarter reported was Ps. 2,685 million compared to Ps. 2,927 million in the same quarter of the previous year, representing a decrease of 8.3%.  
In the industrial division companies, higher inflation combined with an appreciation of the peso versus the dollar had a significant effect on operating income, by handling a significant percentage of dollarized sales and expenditures in domestic currency. Therefore, Grupo Condumex reduced its operating income by 19.5%. Grupo Sanborns profit fell 0.3% and Carso Infrastructure increased 4.3%.  
In cumulative terms, operating income decreased 3.6%.

**EBITDA**  
**-5.4%**

- **EBITDA** was Ps. 3,257 million, 5.4% lower than Ps. 3,443 million reported in 2Q16. The EBITDA margin went from 15.0% to 14.7% in relation to sales.

**NET  
INCOME**  
**-10.7%**

- o Due to the appreciation of the exchange rate in the second quarter of 2017, which affected our accounts receivable in US dollars, we recorded a comprehensive financing cost (CFC) of Ps. 643 MM that compared unfavorably against a CFC of Ps. 147 MM recorded in 2Q16.
- o **Net controlling income** was Ps. 1,803 MM compared to Ps. 2,018 MM in 2Q16. This reduction of 10.7% was mainly explained by a higher financial cost, among other expenses, as mentioned in the previous paragraphs.
- o **Total debt** as of June 30, 2017 was Ps. 12,252 million, an increase of 4.5% compared to the debt at the end of December 2016. Net debt was Ps. 6,018 million, compared to a net debt of Ps. 5,365 million at December 31, 2016.

The 1.9% decrease in **cash and cash equivalents** was mainly explained by the construction of gas pipelines by Carso Energy and the payment of dividends, among other items.

- o The ratio of net debt to LTM EBITDA was 0.4 times in 2Q17, compared to 0.01 times at the close of 2Q16. At the moment we have authorized a new program of dual stock certificates up to Ps. 10 Billion pesos, with no issue at the end of the second quarter.

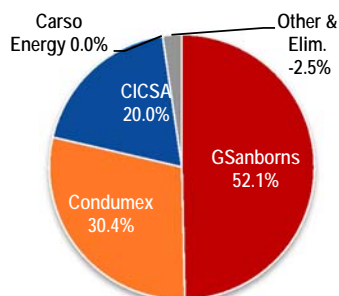
**SUMMARY**

Amounts in Million Pesos MXN (MM Ps.)

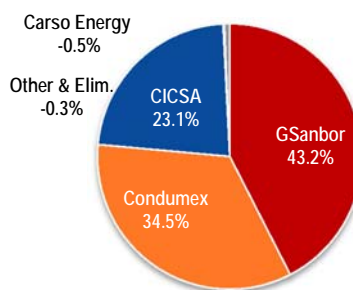
<b>Consolidated Results</b>	<b>2Q17</b>	<b>2Q16</b>	<b>Var %</b>	<b>6M17</b>	<b>6M16</b>	<b>Var %</b>
Sales	<b>22,192</b>	22,884	-3.0%	<b>44,356</b>	44,133	0.5%
Operating Income	<b>2,685</b>	2,927	-8.3%	<b>5,380</b>	5,579	-3.6%
Controlling Net Income	<b>1,803</b>	2,018	-10.7%	<b>3,404</b>	3,647	-6.7%
EBITDA*	<b>3,257</b>	3,443	-5.4%	<b>6,509</b>	6,602	-1.4%
Operating Margin	<b>12.1%</b>	12.8%		<b>12.1%</b>	12.6%	
EBITDA Margin	<b>14.7%</b>	15.0%		<b>14.7%</b>	15.0%	

CONTRIBUTION TO CONSOLIDATED RESULTS BY SEGMENT

**2Q17  
Sales Breakdown  
by Segment**



**2Q17  
Op. Income  
Breakdown  
by Segment**



FINANCIAL RESULTS

Financial Results	2Q15	2Q14	Var%	6M17	6M16	Var%
Interest Expenses	-144.4	-112.6	28.2%	-305.3	-226.1	35.0%
Income (Loss) on derivatives net	-120.9	-426.3	-71.6%	-212.6	-592.4	-64.1%
Interest Income	74.9	88.6	-15.4%	140.6	191.2	-26.5%
<b>Interest (net)</b>	<b>-190.3</b>	<b>-450.4</b>	<b>-57.7%</b>	<b>-377.3</b>	<b>-627.2</b>	<b>-39.8%</b>
ForEx Results	-452.2	303.0	NA	-1,103.1	284.1	NA
<b>CFC</b>	<b>-642.5</b>	<b>-147.3</b>	<b>336.1%</b>	<b>-1,480.5</b>	<b>-343.1</b>	<b>331.5%</b>
Income taxes	722.0	941.5	-23.3%	1,156.1	1,614.2	-28.4%
Earnings from non-consolidated companies	714.7	580.0	23.2%	1,205.6	746.4	61.5%
Non-controlling participation in Net Income	232.9	400.6	-41.9%	545.4	720.5	-24.3%

NA= Not applicable

RESULTS OF ASSOCIATED COMPANIES

2Q17 (MM Ps) Associated Companies	Holding		S. Equity	Participation of GCARSO in:		
	%	Division		Sales	Op. Income	EBITDA
Elementia, S.A. de C.V. (Elementia)	36.20%	GCarso	7,898.5	3,893.2	319.7	595.8
FM Rail Holding, S.A. de C.V. (FM Rail)	16.75%	GCarso	6,160.5	2,884.2	824.8	1,237.3
Infraestructura y Transportes México, S.A. de C.V. (ITM)	16.75%	GCarso	1,606.3	0.0	0.0	0.0
Construction Projects Consortia	-	CICSA	213.6	341.9	-10.3	-10.3
Trans-Pecos Pipeline, LLC (Gasoducto Waha-Presidio)	51.00%	Carso Energy	1,512.3	238.3	212.3	212.3
Comanche Trail Pipeline, LLC (Gasoducto Waha-San Elzario)	51.00%	Carso Energy	1,152.6	198.5	158.4	158.4
Inmuebles SROM, S.A. de C.V.	14.00%	Grupo Sanborns	1,985.3	86.6	68.2	68.3
Subtotal			20,529.1	7,642.7	1,573.1	2,261.8
Others investments in associated companies			1,339.1			
Total Investments in joint ventures ans associates			21,868.2			

Grupo Carso's investments in **non-consolidated associates** reported a net profit of Ps. 715 million in the quarter, compared to Ps. 580 million in 2Q16, the main ones being: GMéxico Transportes S.A. De C.V., Infraestructura y Transportes México, S.A. Comanche Trail Pipeline LLC, Trans-Pecos Pipeline LLC, Elementia S.A.B de C.V., and Inmuebles SROM, S.A. From C.V.

## DEBT

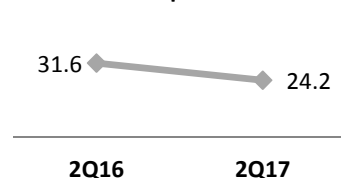
### Total Debt by CURRENCY (Includes ForEx Hedgex)

Pesos	Dollars
44%	56%

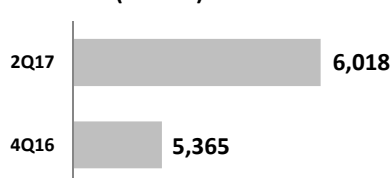
### Total Debt by TERM

L Term	Short T
56%	44%

### LTM EBITDA/Interest Expense



### Net Debt (MM Ps)



## RESULTS BY SEGMENT

### RETAIL

Consolidated Results	2Q17	2Q16	Var %	6M17	6M16	Var %
Sales	11,555	10,803	7.0%	22,738	21,088	7.8%
Operating Income	1,159	1,162	-0.3%	2,167	2,115	2.5%
Controlling Net Income	793	681	16.5%	1,610	1,312	22.7%
EBITDA	1,473	1,435	2.7%	2,794	2,655	5.2%
Operating Margin	10.0%	10.8%		9.5%	10.0%	
EBITDA Margin	12.7%	13.3%		12.3%	12.6%	



Contribution to  
Consolidated Results  
52% SALES  
43% OP. INCOME  
45% EBITDA

Note: For additional information please refer to the 2Q17 report of Grupo Sanborns, S.A.B. de C.V.

During the second quarter of the year, Grupo Sanborns' **total sales** amounted to Ps. \$ 11,555 million, an increase of 7.0% or Ps. 752 million more. The most dynamic categories were "big-ticket" technology and fashion. The newly remodeled Sears stores like Angelopolis have had a significant increase in sales, as well as non-comparable stores in the corresponding quarter.

As a result of the increase in the depreciation coming from the expansion and remodeling program, an increase in electric energy rates and increases in non-performing loans and the provision for doubtful accounts of the credit business, **operating income** for 2Q17 decreased -0.3% to total Ps 1,159 MM with an operating margin of 10.0%. On the other hand, EBITDA increased 2.7% to Ps. 1,473 million, with a margin of 12.7% in 2Q17.

**Controlling net income** increased 16.5% in the 2Q17, reaching Ps. 793 million pesos, compared to Ps. 681 million registered in the 2Q16. This was the result of operating income, a lower effective tax rate, participation in Inmuebles SROM subsidiary and a smaller share of minority shareholders.

## INDUSTRIAL

Consolidated Results	2Q17	2Q16	Var %	6M17	6M16	Var %
Sales	<b>6,746</b>	7,242	-6.9%	<b>14,033</b>	13,966	0.5%
Operating Income	<b>928</b>	1,152	-19.5%	<b>2,196</b>	2,253	-2.5%
Controlling Net Income	<b>472</b>	808	-41.6%	<b>1,053</b>	1,378	-23.6%
EBITDA	<b>1,031</b>	1,245	-17.1%	<b>2,401</b>	2,435	-1.4%
Operating Margin	<b>13.8%</b>	15.9%		<b>15.7%</b>	16.1%	
EBITDA Margin	<b>15.3%</b>	17.2%		<b>17.1%</b>	17.4%	



Contribution to  
Consolidated Results  
30% SALES  
35% OP. INCOME  
32% EBITDA

Grupo Condumex's **sales** increased from Ps. 7,242 to Ps. 6,746 million in 2Q17, which represented a decrease of 6.9%. There were higher volumes of harnesses and automotive cables, but due to the appreciation of the exchange rate and the declines in volumes in the Telecom and Construction divisions, they were not compensated. In cumulative terms, sales increased 0.5%.

The **quarterly operating profit and EBITDA** of the industrial division were Ps. 928 million and Ps. 1,031 million, representing reductions of 19.5% and 17.1% compared to 2Q16. This decrease in profitability was due to the reduction in sales mentioned above, as well as to the increase in operating expenses related to a higher inflation.

Grupo Condumex's **net income** decreased 41.6% from Ps. 808 million in 2Q16 to Ps. 472 million in 2Q17.

**INFRAESTRUCTURE AND CONSTRUCTION**

<b>Consolidated Results</b>	<b>2Q17</b>	<b>2Q16</b>	<b>Var %</b>	<b>6M17</b>	<b>6M16</b>	<b>Var %</b>
Sales	<b>4,435</b>	4,949	-10.4%	<b>8,372</b>	9,254	-9.5%
Operating Income	<b>621</b>	596	4.3%	<b>1,009</b>	1,181	-14.6%
Controlling Net Income	<b>455</b>	385	18.2%	<b>692</b>	737	-6.1%
EBITDA	<b>766</b>	741	3.4%	<b>1,291</b>	1,471	-12.2%
Operating Margin	<b>14.0%</b>	12.0%		<b>12.1%</b>	12.8%	
EBITDA Margin	<b>17.3%</b>	15.0%		<b>15.4%</b>	15.9%	

**carso**  
INFRAESTRUCTURA Y CONSTRUCCION

Contribution to  
Consolidated Results  
20% SALES  
23% OP. INCOME  
24% EBITDA

The **sales** of Carso Infrastructure and Construction (CICSA) decreased 10.4% to Ps. 4,435 million in the second quarter of the year. This was mainly due to the Manufacturing and Services Sector for the Chemical and Petroleum Industry, where drilling volumes fell as well as sales of equipment. The Pipeline Installation and Civil Construction sectors reported lower revenues for the completion of projects and lower installation services in Telecom. The sector that presented the best income was Infrastructure, where the construction of the Acapulco Tunnel, the El Caminero viaduct and San Fernando viaduct were completed, and other projects continue.

CICSA's quarterly **operating income and EBITDA** increased by 4.3% and 3.4%, respectively. This was explained by the mix of projects currently being carried out where the main ones are: the Emissor Oriente Tunnel, Guadalajara and Mitla-Tehuantepec highways (under review for start-up), ETRAM Cuatro Caminos, Nuevo Veracruz real estate development, installation services for Telecom and the construction of the Samalayuca-Sásabe gas pipeline. Construction works for runway 3 of the New International Airport of Mexico City (NAICM) have also begun, which together with the terminal building cannot be consolidated, since they are in consortium, so their effect does not contribute to operating results despite its relevance.

**Net income** increased 18.2% from Ps. 385 million in 2Q16 to Ps. 455 million in 2Q17.

As for CICSA's **backlog**, it totaled Ps. 13,623 MM as of June 30, 2017, compared to Ps. 15,676 MM in the same period of the previous year. This figure does not include \$14,825 Mm from projects that CICSA has in consortium with other companies; therefore, the backlog in the 2Q17 reaches Ps. 28,449 MM, increasing 171.4%. This amount already includes Runway 3 and the terminal building of the NAICM.

CARSO ENERGY



Consolidated Results	2Q17	2Q16	Var %	6M17	6M16	Var %
Sales	0	0	0.0%	0	0	0.0%
Operating Income	-12	-4	197.6%	-22	-7	215.9%
Controlling Net Income	15	-24	NA	-68	14	NA
EBITDA	-12	-4	220.2%	-19	-6	228.3%
Operating Margin	NA	NA		NA	NA	
EBITDA Margin	NA	NA		NA	NA	

Contribution to  
Consolidated Results  
0% SALES  
-0.5% OP. INCOME  
-0.4% EBITDA

From the second quarter of the year, 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 report revenues related to the Samalayuca-Sásabe gas pipeline starting in 2018.

The quarterly **results of operations and EBITDA** of the energy division were losses of Ps. 12 MM in both indicators, compared to losses of Ps. 4 MM in 2Q16, respectively. This was due to expenses related to the bidding of the CNH oil Round 2.3 and to the start of operations of Tabasco Oil Company in Colombia.

Carso Energy's **net income** improved from a loss of Ps. 24 MM in 2Q16 to a gain of Ps. 15 MM in 2Q17.

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. Both gas pipelines are already reporting revenues from this quarter of USD \$ 21 and USD \$ 24 million respectively, however they are not reflected in the sales of Grupo Carso because they are not consolidable.

With respect to the **Samalayuca-Sásabe** gas pipeline of which Carso Energy holds a 100.0% stake, construction and rights of way continue at the end of 2Q17. We estimate the gas pipeline will start operating in 2018.

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**INVITATION TO THE CONFERENCE CALL**

Date: Friday, July 28, 2017  
 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)  
 Toll Free US: +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 Code: 10108741 (Available until August 9, 2017)

**ADDITIONAL CHARTS:**

<b>Financial Income Data</b>										
Million PESOS (MXN)										
	2Q17		2Q16		Var %	6M17		6M16		Var %
<b>GRUPO CARSO</b>										
Revenues	22,192.0	100.0%	22,883.9	100.0%	-3.0%	44,356.4	100.0%	44,132.9	100.0%	0.5%
Operating Income	2,685.5	12.1%	2,927.2	12.8%	-8.3%	5,380.1	12.1%	5,578.7	12.6%	-3.6%
Financial Results	-642.5	-2.9%	-147.3	-0.6%	336.1%	-1,480.5	-3.3%	-343.1	-0.8%	331.5%
Controlling Net Income	1,802.7	8.1%	2,017.8	8.8%	-10.7%	3,403.7	7.7%	3,647.3	8.3%	-6.7%
EBITDA	3,256.7	14.7%	3,443.5	15.0%	-5.4%	6,509.0	14.7%	6,601.9	15.0%	-1.4%
<b>GRUPO SANBORNS</b>										
Sales	11,555.0	100.0%	10,803.0	100.0%	7.0%	22,738.3	100.0%	21,087.6	100.0%	7.8%
Operating Income	1,158.8	10.0%	1,161.8	10.8%	-0.3%	2,167.5	9.5%	2,115.3	10.0%	2.5%
Controlling Net Income	793.3	6.9%	681.0	6.3%	16.5%	1,610.2	7.1%	1,312.2	6.2%	22.7%
EBITDA	1,473.1	12.7%	1,434.8	13.3%	2.7%	2,793.6	12.3%	2,655.4	12.6%	5.2%
<b>GRUPO CONDUMEX</b>										
Sales	6,745.6	100.0%	7,241.9	100.0%	-6.9%	14,032.6	100.0%	13,965.6	100.0%	0.5%
Operating Income	927.7	13.8%	1,151.8	15.9%	-19.5%	2,196.5	15.7%	2,252.7	16.1%	-2.5%
Controlling Net Income	471.7	7.0%	808.0	11.2%	-41.6%	1,053.3	7.5%	1,378.4	9.9%	-23.6%
EBITDA	1,031.5	15.3%	1,244.5	17.2%	-17.1%	2,400.5	17.1%	2,435.4	17.4%	-1.4%
<b>CICSA</b>										
Sales	4,434.9	100.0%	4,949.1	100.0%	-10.4%	8,371.6	100.0%	9,253.6	100.0%	-9.5%
Operating Income	621.2	14.0%	595.7	12.0%	4.3%	1,009.1	12.1%	1,181.3	12.8%	-14.6%
Controlling Net Income	455.1	10.3%	384.9	7.8%	18.2%	692.2	8.3%	737.2	8.0%	-6.1%
EBITDA	766.3	17.3%	740.8	15.0%	3.4%	1,291.0	15.4%	1,470.6	15.9%	-12.2%
<b>CARSO ENERGY</b>										
Sales	0.0	NA	0.0	NA	0.0%	0.0	NA	0.0	NA	0.0%
Operating Income	-12.4	NA	-4.2	NA	197.6%	-22.1	NA	-7.0	NA	215.9%
Controlling Net Income	14.9	NA	-23.9	NA	NA	-67.7	NA	14.4	NA	NA
EBITDA	-11.9	NA	-3.7	NA	220.2%	-19.4	NA	-5.9	NA	228.3%



<b>Balance Sheet Data</b>			
Million PESOS(MXN)			
	2Q17	4Q16	Var %
<b>GRUPO CARSO</b>			
Cash & Equivalents	4,549.6	4,857.9	-6.3%
Trade Receivables	19,359.4	21,323.8	-9.2%
Accounts Receivable to Related Parties	3,711.4	3,682.6	0.8%
Other Accounts Receivable	3,146.4	4,081.2	-22.9%
Recoverable Taxes	526.1	832.9	-36.8%
Other Financial Assets	1,684.0	1,498.7	12.4%
Inventories	15,433.6	15,766.9	-2.1%
<b>Current Assets</b>	<b>48,410.5</b>	<b>52,044.1</b>	<b>-7.0%</b>
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	173.3	359.5	-51.8%
Investments in Associates	21,868.1	19,816.8	10.3%
Property, Plant and Equipment	30,628.7	30,175.5	1.5%
Investment Properties	2,696.9	2,668.5	1.1%
Intangible Assets	718.2	663.4	8.2%
Deferred Tax Assets	2,352.9	2,048.5	14.9%
Other Non-Current Non-Financial Assets	917.7	896.6	2.6%
<b>Non-Current Assets</b>	<b>60,255.7</b>	<b>57,512.2</b>	<b>4.8%</b>
<b>Total Assets</b>	<b>108,666.2</b>	<b>109,556.3</b>	<b>-0.8%</b>
Suppliers	7,160.7	9,346.9	-23.4%
Other Current Trade Payables	8,578.7	7,874.3	8.9%
Short-Term Taxes Payable	288.2	847.9	-66.0%
Short-Term Bank Debt	5,392.2	11,721.2	-54.0%
Other Current Financial Liabilities	0.5	69.3	-99.2%
Other Current Non-Financial Liabilities	196.6	125.6	56.6%
Current Provisions	4,398.4	4,273.1	2.9%
<b>Current Liabilities</b>	<b>26,015.4</b>	<b>34,258.3</b>	<b>-24.1%</b>
Long-Term Taxes Payable	1,598.4	1,473.7	8.5%
Long-Term Bank Debt	6,859.3	0.0	NA
Other Long-Term Financial Liabilities	290.2	12.1	2290.0%
Long-Term Provisions	470.7	404.2	16.5%
Deferred Tax Liabilities	1,758.8	1,827.9	-3.8%
<b>Non-Current Liabilities</b>	<b>10,977.5</b>	<b>3,717.9</b>	<b>195.3%</b>
<b>Total Liabilities</b>	<b>36,992.8</b>	<b>37,976.2</b>	<b>-2.6%</b>
<b>Stockholder's Equity</b>	<b>71,673.3</b>	<b>71,580.2</b>	<b>0.1%</b>
Shares Outstanding (´000)	2,271,073	2,264,900	0.3%
Closing Stock Price	76.4	83.6	-8.6%
NA=Not Applicable			