

Fourth Quarter Results 2017

Mexico City February 27, 2018, 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 2017.

CONSOLIDATED RESULTS

HIGHLIGHTS

SALES
+0.2%

- **Consolidated sales** of Grupo Carso increased 0.2%, from Ps. 27,632 MM in the 4Q16 to Ps. 27,693 MM in the 4Q17. Grupo Condumex and Grupo Sanborns increased their sales 4.2% and 2.7%, respectively, while Carso Infraestructure fell 4.6%. Annually the sales decreased 1.7% totaling Ps. 93,593 MM.

OTHER
INCOME
(EXPENSES)
NET

During the last quarter of the year Ps.1,246 MM were recorded as **Other Income, Net** from the profit from dilution and sale of shares from associated companies (GMexico Transportes). This compared favorably versus Ps. 105.7 million recorded in the same item during the 4Q16.

N/A

- In 2017 Other Income, net increased 16.0% considering Ps. 1,641 MM compared to Ps. 1,415 MM recognized in 2016, mainly from the same item mentioned above, as well as including Ps. 1,141 million from the acquisition of 14% of the capital share of Inmuebles SROM, S.A. de C.V. in Grupo Sanborns in 2016.

OP. INCOME
(Ex.
Extraord.
Item)

- **Operating Income** of the quarter reported was similar to the 4Q16 totaling \$4,004 MM compared to Ps. 4,002 MM. This was due to a 23.4% increase in the operating income of the infrastructure and construction division, since the profitability of the industrial division remained the same, and that of the retail division decreased 8.3%.

+0.05%

Accumulated operating income went from Ps. 12,585 MM in 2016 to Ps. 11,695 MM in 2017, with a reduction of 7.1%.

EBITDA

- Excluding the extraordinary items mentioned above and other virtual items, **EBITDA** grew 1.0% in the 4Q17 reaching Ps. 4,491 MM, which showed a recovery of 17.7% and 3.7% in the flows of the infrastructure and construction divisions and the industrial division, respectively. The EBITDA margin went from 16.1% to 16.2% in relation to sales.

+1.0%

**NET
INCOME**
+43.3%

The annual EBITDA reduced 4.8%, going from Ps. 14,578 MM to Ps. 13,872 MM. The conclusion of some infrastructure projects and the mix of current projects in Carso Infrastructure and Construction, where those that are in a consortium do not consolidate, was reflected in a reduction of 8.5% in the EBITDA of this sector, while the EBITDA of Grupo Condumex decreased 5.4% and that of Grupo Sanborns 2.2%.

- o Driven by variations in the exchange rate, the positive **comprehensive financial result (CFR)** of the 4Q17 was 21.5% lower than the CFR of Ps. 907 MM recorded in the 4Q16. Cumulatively, a comprehensive financing cost (CFC) of Ps. 669 MM was recorded, which compared unfavorably versus a positive CFR of Ps. 715 MM in 2016.
- o **Controlling net income** increased Ps. 1,370 MM or 43.3%, going from Ps. 3,162 MM in the 4Q16 to Ps. 4,532 MM in the 4Q17 considering the extraordinary items mentioned above. The annual controlling net income increased 5.3%.
- o The **total debt** as of December 30, 2017 was Ps. 10,227 MM, decreasing 12.7% compared to the debt at the end of December 2016. The net debt was Ps. 5,118 MM, similar to that of Ps. 5,365 MM as of December 31 of 2016.

The 19.6% decrease in **cash and equivalents** was mainly explained by the construction of gas pipelines by Carso Energy and the payment of dividends, among other items.

- o The net-debt-to- LTM EBITDA was 0.37 times in the 4Q17, the same as at the close of the 4Q16. Currently, Grupo Carso has authorized a new program of dual stock certificates for up to Ps. 10,000 MM pesos, with no issuance at the end of the fourth quarter.

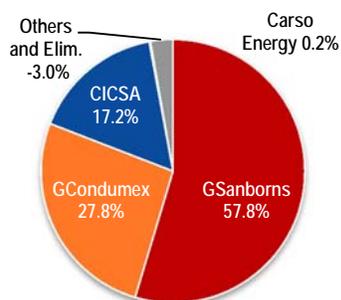
SUMMARY

Amounts in Million Pesos MXN (Ps. MM)

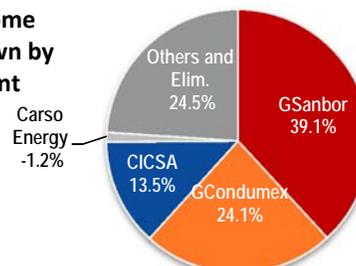
Consolidated Results	4Q17	4Q16	Var %	2017	2016	Var %
Sales	27,693	27,632	0.2%	93,593	95,188	-1.7%
Operating Income	5,250	4,002	31.2%	12,941	13,726	-5.7%
Op. Income ex Extr. Income	4,004	4,002	0.0%	11,695	12,585	-7.1%
Controlling Net Income	4,532	3,162	43.3%	10,034	9,525	5.3%
EBITDA	4,491	4,447	1.0%	13,872	14,578	-4.8%
Operating Margin	19.0%	14.5%		13.8%	14.4%	
Op. Margin ex Extr. Income	14.5%	14.5%		12.5%	13.2%	
EBITDA Margin	16.2%	16.1%		14.8%	15.3%	

CONTRIBUTION TO CONSOLIDATED RESULTS BY SEGMENT

4Q17
Sales Breakdown
by Segment



4Q17
Op. Income
Breakdown by
Segment



FINANCIAL RESULTS

Financial Results	4Q17	4Q16	Var%	2017	2016	Var%
Interest Expenses	-152.2	-171.0	-11.0%	-575.9	-518.5	11.1%
Income (Loss) on derivatives net	218.9	445.4	-50.9%	-1.8	-38.2	-95.2%
Interest Income	106.8	112.7	-5.2%	323.6	377.8	-14.4%
Interest (net)	173.5	387.1	-55.2%	-254.2	-178.9	42.1%
ForEx Results	539.0	520.3	3.6%	-415.3	893.8	NA
CFR	712.5	907.4	-21.5%	-669.4	714.9	NA
Income taxes	1,605.4	1,887.8	-15.0%	3,331.1	5,030.9	-33.8%
Earnings from non-consolidated companies	735.9	711.8	3.4%	2,507.5	1,868.5	34.2%
Non-controlling participation in Net Income	560.7	570.5	-1.7%	1,414.8	1,753.5	-19.3%

NA= Not applicable

ASSOCIATED COMPANIES

4Q17 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	8,552.6	9,336.0	993.8	1,606.4
GMéxico Transportes, S.A. de C.V. (GMéxico)	15.14%	GCarso	7,617.7	5,840.8	1,590.7	2,502.2
Infraestructura y Transportes México, S.A. de C.V. (ITM)	16.75%	GCarso	1,654.9	0.0	0.0	0.0
Construction projects Consortia	-	CICSA	212.8	998.6	-19.4	-19.4
Trans-Pecos Pipeline, LLC (Gasoducto Waha-Presidio)	51.00%	Carso Energy	1,952.7	555.7	483.8	483.8
Comanche Trail Pipeline, LLC (Gasoducto Waha-San Elzario)	51.00%	Carso Energy	1,529.3	526.7	498.1	498.1
Inmuebles SROM, S.A. de C.V.	14.00%	Grupo Sanborns	2,085.5	212.6	188.1	188.5
Subtotal			23,605.5	17,470.4	3,735.1	5,259.6
Others investments in Associated Companies			1,287.2			
Total Investments in Joint Ventures and Associated Companies			24,892.7			

The shares held by Grupo Carso of GMéxico Transportes S.A.B de C.V. and Elementia S.A.B. of C.V. (publicly traded companies in the MSE), are recorded at book value of Ps. 16,171 MM while market valuation as of December 31, 2017 amounts to Ps. 26,079 MM.

DEBT

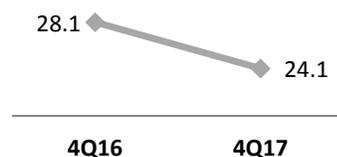
Total Debt by CURRENCY
(Includes ForEx Hedges)

Pesos	Dollars
30%	70%

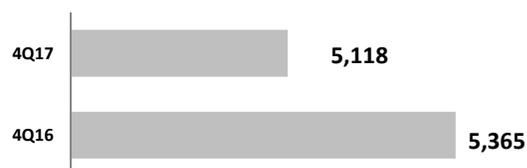
Total Debt by TERM

Lterm	Short T
74%	26%

LTM EBITDA/Interest Expenses



Net Debt (MM Ps)



RESULTS BY SEGMENT

COMMERCIAL

Consolidated Results	4Q17	4Q16	Var %	2017	2016	Var %
Sales	16,008	15,582	2.7%	49,768	47,594	4.6%
Operating Income	2,052	2,239	-8.3%	5,158	6,620	-22.1%
Controlling Net Income	1,660	1,542	7.7%	3,958	3,667	7.9%
EBITDA	2,288	2,402	-4.7%	6,332	6,466	-2.1%
Operating Margin	12.8%	14.4%		10.4%	13.9%	
EBITDA Margin	14.3%	15.4%		12.7%	13.6%	



Contribution to Consolidated Results
58% SALES
39% OP. INCOME
51% EBITDA

Note: For additional information, please refer to the 4Q17 press release of Grupo Sanborns, S.A.B. de C.V.

In the last quarter of the year Grupo Sanborns sold Ps. 426 million more, increasing 2.7% and reaching **total sales** of Ps. 16,008 million. Consolidated same store sales (SSS) increased 2.7%, reflecting the performance during "El Buen Fin" and Holidays -where consumers enjoyed the launches and promotions offered mainly in technology- as well as the effect of the closing of the units located in the Gallerias Coapa shopping center after the earthquake.

Cumulatively, total sales grew 4.6%, going from Ps. 47,594 million in 2016 to Ps. 49,768 million in 2017.

During the 4Q17, Other Income of Ps. 85 MM from asset revaluation was recorded, compared to Ps. 122 MM recorded in the 4Q16. Accumulated Other Income was Ps. 85 MM in 2017 and Ps. 1,263 MM in 2016, comprised by \$ 1,141 MM from the acquisition of 14% of the shares issued by Inmuebles SROM, S.A. of C.V. plus Ps. 122 MM from asset revaluation.

Operating Income from October to December 2017 decreased 8.3% totaling Ps. 2,052 MM, mainly due to an increase in sales, general and administrative expenses. Accumulated operating income went from Ps. 5,479 MM to Ps. 5,158 MM, decreasing 5.9%. This without considering the effect of the extraordinary item of Ps. 1,141 million mentioned previously.

For purposes of calculating the quarterly **EBITDA**, Other Income was not considered, therefore, this indicator decreased 4.7% in the 4Q17 totaling Ps. 2,288 million. The EBITDA for 2017 was Ps. 6,332 MM with a margin of 12.7%.

A reduction in the real tax rate due to a greater effect of inflation on the assets of the company was reflected in the **controlling net income**, which increased 7.7% in the 4Q17 reaching Ps. 1,660 million, compared to Ps. 1,542 million registered in the 4Q16.

On an annual basis, the net controlling income without considering Other Income items recorded in 2016, increased 7.9%, going from Ps. 3,667 million in the 4Q16 to Ps. 3,958 million in the 4Q17.

INDUSTRIAL

Consolidated Results	4Q17	4Q16	Var %	2017	2016	Var %
Sales	7,690	7,383	4.2%	28,783	29,049	-0.9%
Operating Income	1,268	1,244	1.9%	4,441	4,776	-7.0%
Controlling Net Income	944	907	4.1%	2,788	3,249	-14.2%
EBITDA	1,366	1,317	3.7%	4,849	5,127	-5.4%
Operating Margin	16.5%	16.8%		15.4%	16.4%	
EBITDA Margin	17.8%	17.8%		16.8%	17.7%	



Contribution to
Consolidated Results
28% SALES
24% OP. INCOME
30% EBITDA

Consolidated sales of Grupo Condumex increased 4.2%, going from Ps. 7,383 in the 4Q16 to Ps. 7,690 MM in the 4Q17. This was mainly due to higher volumes registered in all the lines of the Telecom division that include fiber optic, copper cable and coaxial cable. Cumulatively, sales decreased 0.9%.

The industrial division showed a sequential recovery in its profitability: **operating income** remained constant at Ps. 1,268 MM while EBITDA improved 3.7%, going from Ps. 1,317 MM in the 4Q16 to Ps. 1,366 MM in the 4Q17.

Annual operating income and EBITDA decreased 7.0% and 5.4% respectively versus 2016, record year of earnings in this division.

Controlling net income of Grupo Condumex increased 4.1% in the quarter, while cumulatively fell 14.2% compared to the 2016 controlling net income.

INFRAESTRUCTURA AND CONSTRUCTION



Consolidated Results	4Q17	4Q16	Var %	2017	2016	Var %
Sales	4,751	4,981	-4.6%	17,273	19,143	-9.8%
Operating Income	706	572	23.4%	2,137	2,370	-9.8%
Controlling Net Income	491	145	237.8%	1,636	1,245	31.4%
EBITDA	849	721	17.7%	2,697	2,949	-8.5%
Operating Margin	14.9%	11.5%		12.4%	12.4%	
EBITDA Margin	17.9%	14.5%		15.6%	15.4%	

Contribution to
Consolidated Results
17% SALES
13% OP. INCOME
19% EBITDA

The **sales** of Carso Infraestructura y Construcción (CICSA) decreased 4.6% totaling Ps. 4,751 MM in the fourth quarter of the year. This was due to the conclusion of important projects, the lack of tenders and new projects, and the fact that the new consortium projects do not consolidate; and therefore, are not reflected in sales. During 2017, CICSA sales fell 9.8%, reflecting all sectors.

CICSA's quarterly **operating income and EBITDA** improved 23.4% and 17.7%, respectively. The Manufacturing and Services for the Oil and Chemical Industry division as well as Civil Construction showed an improvement in profitability derived from claims that were achieved in past projects whose cost was already reflected; while profitability in the Infrastructure and Pipeline Installations divisions was reduced.

The mix of current projects include the Emisor Oriente Tunnel, the Mitla-Tehuantepec highway (under review for its re-start), the Cuatro Caminos ETRAM, the Nuevo Veracruz real estate development, the installation services for Telecom and the construction of the Samalayuca-Sásabe gas pipeline. Among the projects that do not consolidate are the construction works for runway 3 of the NAICM, and its terminal building.

Annual operating income and EBITDA for 2017 decreased 9.8% and 8.5%.

As for the controlling net income, it increased 237.8% in the 4Q17 and 31.4% in the year.

As for CICSA's **backlog**, it totaled Ps. 12,430 million at December 31, 2017, compared to Ps. 16,221 million in the same period of the previous year. This figure does not include Ps. 14,167 MM from projects that CICSA has in consortium with other companies, which increase the backlog 40.4% to Ps. 26,598 MM. This figure already includes Runway 3 and the terminal building of the NAICM mentioned above.

CARSO ENERGY



Consolidated Results	4Q17	4Q16	Var %	2017	2016	Var %
Sales	47	0	NA	62	0	NA
Operating Income	6	-64	NA	-24	-82	-70.8%
Controlling Net Income	184	318	-42.1%	347	297	16.8%
EBITDA	9	-19	NA	-16	-36	NA
Operating Margin	12.2%	NA		-38.4%	NA	
EBITDA Margin	18.7%	NA		-25.3%	NA	

Contribution to
Consolidated Results
-0.2% SALES
-1.2% OP. INCOME
-0.5% EBITDA

Consolidated sales of Carso Energy amounted to Ps. 47 million pesos. In this last quarter, the production and sale of oil continued in our company in Colombia.

The accumulated sales during 2017 reached Ps. 62 million pesos.

In the 4Q17 an **operating income** of Ps. 6 MM was reported, compared to a loss of Ps. 64 MM in the 4Q16, mainly due to the operation of the Colombian oil company.

Cumulatively, the expenses related to the start-up of the operation of Tabasco Oil Company in Colombia and those related to our participation in bidding for the oil rounds, where Carso Oil and Gas, S.A. of C.V. was awarded the Contractual blocks 12 and 13 for the exploitation and exploration of hydrocarbons, explain the loss of operation registered in 2017 in Carso Energy, although this was reduced 70.8% compared to 2016.

In the quarter that is reported, we made a capital contribution in a company that has the permits for exploration of two geothermal energy fields, in the states of Baja California and Guanajuato, participating with 70% of the capital. In both fields, the exploration program has already begun.

We also began reporting a positive **EBITDA** result in the 4Q17 reaching Ps. 9 MM compared to a loss of Ps. 19 MM in the 4Q16. Cumulatively, EBITDA was a loss of Ps. 16 MM, compared to a loss of Ps. 36 MM recorded in 2016.

Effects related to foreign exchange variations in the 4Q16 that are not recorded in 4Q17, were reflected in Carso Energy's **net controlling income**, which decreased from Ps. 318 MM to Ps. 184 MM, while cumulatively was a Ps. 16 MM gain compared to a controlling net loss of Ps. 36 MM in the previous year.

The Waha-Presidio and Waha-San Elizario gas pipelines are already reporting revenues in 2017, while the Samalayuca-Sásabe gas pipeline, where Carso Energy has a 100.0% stake, continues its construction works and the rights-of-way permits.

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INVITATION TO THE RESULTS CONFERENCE CALL:

Date: Wednesday, February 28, 2018
Time: 10:00 -10:30 A.M. Mexico City Time/ 11:00-11:30 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: 10116918 (Available until March 12, 2018)

ADDITIONAL CHARTS:

Consolidated Financial Income Data										
Million PESOS (MXN)										
	4Q17		4Q16		Var %	2017		2016		Var %
GRUPO CARSO										
Revenues	27,692.6	100.0%	27,631.8	100.0%	0.2%	93,592.6	100.0%	95,187.6	100.0%	-1.7%
Operating Income	5,250.2	19.0%	4,001.5	14.5%	31.2%	12,941.5	13.8%	13,725.9	14.4%	-5.7%
Financial Results	712.5	2.6%	907.4	3.3%	-21.5%	-669.4	-0.7%	714.9	0.8%	NA
Controlling Net Income	4,532.5	16.4%	3,162.4	11.4%	43.3%	10,033.6	10.7%	9,524.9	10.0%	5.3%
EBITDA	4,490.9	16.2%	4,447.3	16.1%	1.0%	13,871.7	14.8%	14,578.1	15.3%	-4.8%
GRUPO SANBORNS										
Sales	16,008.3	100.0%	15,581.8	100.0%	2.7%	49,768.4	100.0%	47,593.8	100.0%	4.6%
Operating Income	2,052.0	12.8%	2,238.6	14.4%	-8.3%	5,158.4	10.4%	6,620.3	13.9%	-22.1%
Controlling Net Income	1,660.2	10.4%	1,541.7	9.9%	7.7%	3,957.9	8.0%	3,667.4	7.7%	7.9%
EBITDA	2,288.5	14.3%	2,402.0	15.4%	-4.7%	6,332.2	12.7%	6,465.5	13.6%	-2.1%
GRUPO CONDUMEX										
Sales	7,690.5	100.0%	7,382.7	100.0%	4.2%	28,782.8	100.0%	29,048.8	100.0%	-0.9%
Operating Income	1,267.8	16.5%	1,243.6	16.8%	1.9%	4,440.7	15.4%	4,776.0	16.4%	-7.0%
Controlling Net Income	944.0	12.3%	907.1	12.3%	4.1%	2,788.1	9.7%	3,248.6	11.2%	-14.2%
EBITDA	1,365.6	17.8%	1,316.9	17.8%	3.7%	4,849.3	16.8%	5,127.3	17.7%	-5.4%
CICSA										
Sales	4,751.1	100.0%	4,980.9	100.0%	-4.6%	17,273.5	100.0%	19,143.0	100.0%	-9.8%
Operating Income	706.4	14.9%	572.4	11.5%	23.4%	2,137.2	12.4%	2,369.9	12.4%	-9.8%
Controlling Net Income	490.8	10.3%	145.3	2.9%	237.8%	1,635.9	9.5%	1,244.6	6.5%	31.4%
EBITDA	849.0	17.9%	721.5	14.5%	17.7%	2,696.9	15.6%	2,948.8	15.4%	-8.5%
CARSO ENERGY										
Sales	46.9	100.0%	0.0	NA	NA	62.4	100.0%	0.0	NA	NA
Operating Income	5.7	0.1%	-63.7	NA	NA	-24.0	-0.5%	-82.2	NA	-70.8%
Controlling Net Income	183.9	3.9%	317.9	NA	-42.1%	347.3	7.3%	297.3	NA	16.8%
EBITDA	8.8	0.2%	-19.1	NA	NA	-15.8	-0.3%	-36.0	NA	NA

Consolidated Balance Sheet Data			
Million PESOS(MXN)			
	4Q17	4Q16	Var %
GRUPO CARSO			
Cash & Equivalents	4,331.4	4,857.9	-10.8%
Trade Receivables	21,802.9	21,323.8	2.2%
Accounts Receivable to Related Parties	4,090.6	3,682.6	11.1%
Other Accounts Receivable	4,183.6	4,081.2	2.5%
Recoverable Taxes	692.5	832.9	-16.9%
Other Financial Assets	777.4	1,498.7	-48.1%
Inventories	16,509.7	15,766.9	4.7%
Current Assets	52,388.0	52,044.1	0.7%
Other Non-Current Trade Receivables	0.0	10.1	-100.0%
Non-Current Inventories	911.9	873.3	4.4%
Other Non-Current Financial Assets	301.2	359.5	-16.2%
Investments in Associates	24,892.5	19,816.8	25.6%
Property, Plant and Equipment	33,402.6	30,175.5	10.7%
Investment Properties	2,812.2	2,668.5	5.4%
Intangible Assets	762.2	663.4	14.9%
Deferred Tax Assets	2,384.9	2,048.5	16.4%
Other Non-Current Non-Financial Assets	992.5	896.6	11.0%
Non-Current Assets	66,459.9	57,512.2	15.6%
Total Assets	118,847.9	109,556.3	8.5%
Suppliers	9,911.8	9,346.9	6.0%
Other Current Trade Payables	7,386.0	7,874.3	-6.2%
Short-Term Taxes Payable	1,063.4	847.9	25.4%
Short-Term Bank Debt	2,678.4	11,721.2	-77.1%
Other Current Financial Liabilities	305.0	69.3	340.2%
Other Current Non-Financial Liabilities	238.1	125.6	89.6%
Current Provisions	4,476.6	4,273.1	4.8%
Current Liabilities	26,059.3	34,258.3	-23.9%
Long-Term Taxes Payable	1,539.3	1,473.7	4.5%
Long-Term Bank Debt	7,548.3	0.0	NA
Other Long-Term Financial Liabilities	202.5	12.1	1567.8%
Long-Term Provisions	414.1	404.2	2.5%
Deferred Tax Liabilities	2,152.7	1,827.9	17.8%
Non-Current Liabilities	11,856.9	3,717.9	218.9%
Total Liabilities	37,916.3	37,976.2	-0.2%
Stockholder's Equity	80,931.7	71,580.2	13.1%
Shares Outstanding ('000)	2,281,736	2,264,900	0.7%
Closing Stock Price	64.9	83.6	-22.4%

NA=Not Applicable