

## Third Quarter 2018 Results

Mexico City, October 24, 2018, Grupo Carso S.A.B. de C.V. ("The Group", BMV: GCARSO OTC: GPOVY) announced today its results for the third quarter of 2018.

### CONSOLIDATED RESULTS

#### HIGHLIGHTS

**SALES**  
**+7.5%**

- o Grupo Carso's **sales** totaled Ps. 23,159 MM in the 3Q18; growing 7.5% compared to Ps. 21,544 MM in the 3Q17. Grupo Sanborns increased its sales 7.1% and Grupo Condumex 10.6%, while Carso Infraestructura y Construcción (CICSA) decreased 2.9%; since the recent projects such as the New International Airport of Mexico (NAIM) and the highways in Panama and Nicaragua do not consolidate. Carso Energy's sales are not representative since the main businesses (gas pipelines in Waha, Texas, E.U.A.) also do not consolidate.

**OP. INCOME**  
**-5.2%**

- o During the quarter, **consolidated operating income** decreased 5.2% totaling Ps. 2,191 MM. Operating income of Grupo Sanborns, Grupo Condumex and Carso Infraestructura y Construcción decreased 6.2%, 7.5% and 4.7%, respectively.

**EBITDA**  
**-4.7%**

- o **EBITDA** from July to September 2018 was Ps. 2,737 MM with a decrease of 4.7% versus Ps. 2,871 MM reported in the 3Q17. The EBITDA margin was 11.8%.
- o Variations in the exchange rate mainly due to a ForEx loss during the 3Q18, explain a **Comprehensive Financing Cost (CFC)** of Ps. 389 MM, which compared unfavorably vs. a positive Comprehensive Financing Result (CFR) of Ps. 99 MM recorded in the 3Q17.

**NET INCOME**  
**-16.5%**

- o **Controlling Net Income** was Ps. 1,751 MM compared to Ps. 2,097 in the 3Q17. The decrease of 16.5% was mainly due to ForEx variations; however, for the first nine months of the year net income grew 8.1%.
- o **Total debt** as of September 30, 2018 was Ps. 12,722 MM, increasing 24.4% compared to the debt at the end of December 2017, due to the financing for the construction of the Samalayuca-Sasabe gas pipeline. **Net debt** was Ps. 3,352 MM, compared to a net debt of Ps. 5,118 MM at December 31 of 2017.

The amount of cash and cash equivalents for the 3Q18 increased 83.4% compared to the close of December of 2017.

The ratio of net debt to LTM EBITDA was 0.25 times in the 3Q18, compared to 0.23 times at the end of the 3Q17. The Company has a program of dual stock certificates - that is, short and long term - with authorization of February 17, 2017 for up to Ps. 10,000 million or its equivalent in UDIS, and of which on March 16, 2018 an issuance of Ps. 3,000 million was carried out, with a maturity of 3 years.

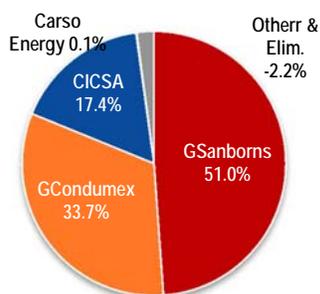
## SUMMARY

Amounts in Million Pesos (MM)

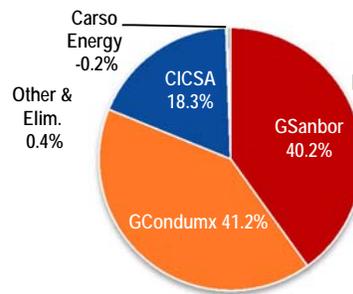
Consolidated Results	3Q18	3Q17	Var %	9M18	9M17	Var %
Sales	<b>23,159</b>	21,544	7.5%	<b>67,863</b>	65,900	3.0%
Operating Income	<b>2,191</b>	2,311	-5.2%	<b>7,233</b>	7,691	-6.0%
Controlling Net Income	<b>1,751</b>	2,097	-16.5%	<b>5,946</b>	5,501	8.1%
EBITDA	<b>2,737</b>	2,871	-4.7%	<b>8,810</b>	9,382	-6.1%
Operating Margin	<b>9.5%</b>	10.7%		<b>10.7%</b>	11.7%	
EBITDA Margin	<b>11.8%</b>	13.3%		<b>13.0%</b>	14.2%	

## CONTRIBUTION TO CONSOLIDATED RESULTS BY SEGMENT

**3Q18  
Sales Breakdown  
by Segment**



**3Q18  
Op. Income  
Breakdown by  
Segment**



## FINANCIAL RESULTS

Financial Results	3Q18	3Q17	Var%	9M18	9M17	Var%
Interest Expenses	-138.3	-118.4	16.8%	-371.7	-423.7	-12.3%
Income (Loss) on derivatives net	-84.9	-8.1	950.1%	164.3	-220.7	NA
Interest Income	154.2	76.2	102.4%	360.2	216.7	66.2%
<b>Interest (net)</b>	<b>-69.1</b>	<b>-50.3</b>	<b>37.3%</b>	<b>152.8</b>	<b>-427.6</b>	<b>NA</b>
ForEx Results	-319.7	148.9	NA	-372.5	-954.3	-61.0%
<b>CFC</b>	<b>-388.8</b>	<b>98.6</b>	<b>NA</b>	<b>-219.6</b>	<b>-1,381.9</b>	<b>-84.1%</b>
Income taxes	561.0	569.5	-1.5%	2,114.9	1,725.6	22.6%
Earnings from non-consolidated companies	707.4	566.0	25.0%	1,762.9	1,771.6	-0.5%
Non-controlling participation in Net Income	197.8	308.8	-35.9%	715.6	854.1	-16.2%

NA= Not applicable

## RESULTS OF ASSOCIATED COMPANIES

3Q18	Holding	Stockholders	Part. in Results (MM MXN)			
Associated Companies	%	Division	Equity	Sales	Op. Income	EBITDA
Elementia, S.A.B. de C.V. (Elementia)	36.17%	GCarso	8,451.5	6,827.9	526.8	956.7
GMéxico Transportes, S.A.B. de C.V. (GMéxico)	15.14%	GCarso	7,778.4	5,041.1	1,371.0	2,181.7
Infraestructura y Transportes México, S.A. de C.V. (ITM)	16.75%	GCarso	1,725.8	0.0	0.0	0.0
Construction projects Consortia	-	CICSA	238.1	846.0	26.8	26.8
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 Elzario)	51.00%	Carso Energy	595.9	0.0	0.0	0.0
Inmuebles SROM, S.A. de C.V.	14.00%	Grupo Sanborns	2,197.4	108.6	76.5	57.7
Subtotal			25,184.7	13,902.9	2,931.7	4,117.7
Others investments in associated companies			786.5			
Total Investments in joint ventures and associates			25,971.2			

The shares owned by Grupo Carso of GMéxico Transportes S.A.B. of C.V. and Elementia S.A.B. of C.V. (companies listed on the MSE), are recorded at book value of Ps. 16,230 MM while market valuation at September 30, 2018 amounts to Ps. 24,593 MM.

## INTEREST BEARING LIABILITIES

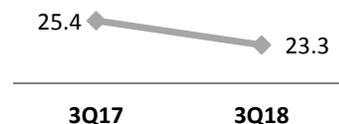
### Total Debt by CURRENCY

Pesos	Dollars
26%	74%

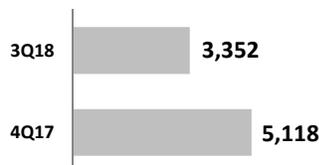
### Total Debt by TERM

L Term	Short T
96%	4%

**LTM EBITDA/Interest  
Expense**



**Net Debt (MM Ps)**



**RESULTS BY SEGMENT**

**RETAIL**

Consolidated Results	3Q18	3Q17	Var %	9M18	9M17	Var %
Sales	11,810	11,022	7.1%	35,072	33,760	3.9%
Operating Income	881	939	-6.2%	2,811	3,106	-9.5%
Controlling Net Income	697	687	1.4%	2,069	2,298	-10.0%
<b>EBITDA</b>	<b>1,208</b>	1,250	-3.4%	<b>3,746</b>	4,044	-7.4%
Operating Margin	7.5%	8.5%		8.0%	9.2%	
<b>EBITDA Margin</b>	<b>10.2%</b>	11.3%		<b>10.7%</b>	12.0%	



Contribution to  
Consolidated Results  
51% SALES  
41% OP. INCOME  
44% EBITDA

Note: For more information, please refer to the 3Q18 Report of Grupo Sanborns, S.A.B. de C.V.

During the third quarter of the year the **total sales** of Grupo Sanborns amounted to Ps. 11,810 million, which meant an increase of 7.1% or Ps. 788 million more. Sales of various categories led to a 7.7% growth in consolidated same store sales (SSS), where the performance by format was 3.1% in Sears, 4.3% in Sanborns and 26.0% in Promotora Musical (iShop/MixUp).

**Operating income** during the 3Q18 was Ps. 881 million with a margin of 7.5%. During the 3Q18, there was a higher cost of sales and a greater participation of technology and electronic items with lower added value within the mix. There was greater control of administrative expenses, even including disbursements due to the pre-opening of new stores, increase in accounts and uncollectible reserves, and higher electricity rates.

**Quarterly EBITDA** decreased 3.4% totaling Ps. 1,208 million, with a margin of 10.2% in the 3Q18.

Derived from a positive and higher **Comprehensive financing result (CFR)** than the previous year, controlling net income increased 1.4% in the 3Q18 totaling Ps. 697 million, compared to Ps. 687 million registered in the 3Q17.

INDUSTRIAL

Consolidated Results	3Q18	3Q17	Var %	9M18	9M17	Var %
Sales	<b>7,808</b>	7,060	10.6%	<b>23,260</b>	21,092	10.3%
Operating Income	<b>903</b>	977	-7.5%	<b>3,082</b>	3,173	-2.9%
Controlling Net Income	<b>456</b>	791	-42.4%	<b>2,068</b>	1,844	12.1%
EBITDA	<b>992</b>	1,083	-8.4%	<b>3,306</b>	3,484	-5.1%
Operating Margin	<b>11.6%</b>	13.8%		<b>13.2%</b>	15.0%	
EBITDA Margin	<b>12.7%</b>	15.3%		<b>14.2%</b>	16.5%	



Contribution to Consolidated Results  
34% SALES  
41% OP. INCOME  
36% EBITDA

**Sales** of Grupo Condumex increased 10.6% reaching Ps. 7,808 MM in the 3Q18. The Telecom sector increased its sales by 25.8% with a higher volume of copper, fiber optic and coaxial cables. The volume of harnesses and automotive cable also increased in this sector.

The quarterly **operating income and EBITDA** of the industrial division were Ps. 903 MM and Ps. 992 MM, decreasing 7.5% and 8.4% respectively, compared to the 3Q17. This was mainly due to effects of the copper price as well as additional expenses from higher energy rates and from start-up expenses in the automotive new platforms in which we participate.

**Controlling net income** of Grupo Condumex decreased 42.4%, going from Ps. 791 MM in the 3Q17 to Ps. 456 MM in the 3Q18.

It is important to highlight that in the first **nine months of the year** sales in the industrial division grew 10.3%. Operating income decreased 2.9%, but has increased its contribution to consolidated profitability and maintains a recovery trend by the end of the year. Controlling net income has accumulated a growth of 12.1% in 2018 compared to 2017.

INFRASTRUCTURE AND CONSTRUCTION

Consolidated Results	3Q18	3Q17	Var %	9M18	9M17	Var %
Sales	4,029	4,151	-2.9%	11,230	12,522	-10.3%
Operating Income	402	422	-4.7%	1,338	1,431	-6.5%
Controlling Net Income	211	453	-53.4%	979	1,145	-14.5%
EBITDA	524	557	-5.9%	1,728	1,848	-6.5%
Operating Margin	10.0%	10.2%		11.9%	11.4%	
EBITDA Margin	13.0%	13.4%		15.4%	14.8%	

**carso**  
INFRAESTRUCTURA Y CONSTRUCCIÓN

Contribution to  
Consolidated Results  
17% SALES  
18% OP. INCOME  
19% EBITDA

**Sales** of Carso Infraestructura y Construcción (CICSA) decreased 2.9% totaling Ps. 4,029 MM in the third quarter of the year. Sales of Civil Construction and Manufacturing and Services for the Oil and Chemical Industry increased; however, sales of the Pipeline Installation sector fell 9.1% due to lower activity in the construction of the Samalayuca-Sásabe gas pipeline. The Infrastructure sector fell 60.6% due to the shortage of tenders and the conclusion of important projects. In this sector, only the Emisor Oriente Tunnel is under construction. Additionally, new consortium projects such as Runway 3 and the Terminal building of the NAIM, as well as road projects in Panama and Nicaragua do not consolidate, and therefore are not reflected in sales.

CICSA's **quarterly operating income and EBITDA** decreased 4.7% and 5.9%, respectively. Lower profitability was mainly due to less infrastructure projects.

**Controlling net income** decreased 53.4%, going from Ps. 453 MM in the 3Q17 to Ps. 211 MM in the 3Q18.

The mix of projects currently in place includes the Emisor Oriente Tunnel, the Mitla-Tehuantepec highway (under review for re-start-up), various real estate projects, the installation services for Telecom and the construction of the Samalayuca-Sásabe gas pipeline. Among the projects that do not consolidate are the construction of the terminal building and runway 3 of the NAIM, as well as highway projects in Panama and Nicaragua.

The backlog of CICSA totaled Ps. 13,285 MM as of September 30, 2018, compared to Ps. 13,654 MM in the same period of the previous year. The portion corresponding to CICSA of projects in consortium with other companies is not included, which in the 3Q18 was of Ps. 22,312 MM, with which the backlog totals Ps. 35,596 MM. This amount already includes the projects that do not consolidate.

CARSO ENERGY



Contribution to  
Consolidated Results  
0.1% SALES  
-0.2% OP. INCOME  
0.0% EBITDA

Consolidated Results	3Q18	3Q17	Var %	9M18	9M17	Var %
Sales	20	16	31.6%	58	16	275.0%
Operating Income	-4	-8	-51.6%	-6	-30	-80.1%
Controlling Net Income	105	231	-54.5%	374	163	128.6%
EBITDA	0	-5	NA	3	-25	NA
Operating Margin	NA	NA		NA	NA	
EBITDA Margin	NA	NA		NA	NA	

Carso Energy recorded **consolidated sales** of Ps. 20 million, improving 31.6% basically due to the production and sale of oil at Tabasco Oil Company in Colombia. Carso Energy reports a **quarterly operating income and EBITDA** of Ps. -4 MM and Ps 0.1 MM, improving compared to losses of Ps. 8 MM and Ps. 5 MM in the 3Q17, respectively.

These results reflected the expenses related to our participation in tenders of 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, as well as the start-up costs of the exploration program in two geothermal fields in the states of Baja California and Guanajuato, and does not consider important results from the two gas pipelines in Waha, Texas, U.S.A. in which we have a 51% stake.

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**INVITATION TO THE CONFERENCE CALL:**

Date: Thursday October 25, 2018  
 Time: 9:00-9:30 A.M. Mexico City Time/ 10:30 A.M.-11:00 A.M. NY Time (US EST)  
 Access Number: +1 (412) 317-6384 (International and Mexico)  
 USA Toll Free: +1 (844) 686-3847  
 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: 10125509 (Available until November 5, 2018)

**ADDITIONAL CHARTS:**

<b>Consolidated Financial Income Data</b>											
Million PESOS (MXN)											
	3Q18		3Q17		Var %	9M18		9M17		Var %	
<b>GRUPO CARSO</b>											
Revenues	<b>23,158.7</b>	100.0%	21,543.6	100.0%	7.5%	<b>67,863.3</b>	100.0%	65,900.0	100.0%	3.0%	
Operating Income	<b>2,190.8</b>	9.5%	2,311.2	10.7%	-5.2%	<b>7,233.3</b>	10.7%	7,691.3	11.7%	-6.0%	
Financial Results	<b>-388.8</b>	-1.7%	98.6	0.5%	NA	<b>-219.6</b>	-0.3%	-1,381.9	-2.1%	-84.1%	
Controlling Net Income	<b>1,750.7</b>	7.6%	2,097.5	9.7%	-16.5%	<b>5,946.2</b>	8.8%	5,501.2	8.3%	8.1%	
EBITDA	<b>2,736.9</b>	11.8%	2,871.4	13.3%	-4.7%	<b>8,810.1</b>	13.0%	9,381.9	14.2%	-6.1%	
<b>GRUPO SANBORNS</b>											
Sales	<b>11,809.8</b>	100.0%	11,021.8	100.0%	7.1%	<b>35,072.0</b>	100.0%	33,760.1	100.0%	3.9%	
Operating Income	<b>881.0</b>	7.5%	939.0	8.5%	-6.2%	<b>2,811.2</b>	8.0%	3,106.5	9.2%	-9.5%	
Controlling Net Income	<b>696.8</b>	5.9%	687.5	6.2%	1.4%	<b>2,068.5</b>	5.9%	2,297.7	6.8%	-10.0%	
EBITDA	<b>1,207.9</b>	10.2%	1,250.1	11.3%	-3.4%	<b>3,746.1</b>	10.7%	4,043.7	12.0%	-7.4%	
<b>GRUPO CONDUMEX</b>											
Sales	<b>7,807.8</b>	100.0%	7,059.8	100.0%	10.6%	<b>23,259.8</b>	100.0%	21,092.3	100.0%	10.3%	
Operating Income	<b>902.9</b>	11.6%	976.5	13.8%	-7.5%	<b>3,081.6</b>	13.2%	3,173.0	15.0%	-2.9%	
Controlling Net Income	<b>455.6</b>	5.8%	790.7	11.2%	-42.4%	<b>2,067.9</b>	8.9%	1,844.1	8.7%	12.1%	
EBITDA	<b>992.4</b>	12.7%	1,083.2	15.3%	-8.4%	<b>3,305.9</b>	14.2%	3,483.7	16.5%	-5.1%	
<b>CICSA</b>											
Sales	<b>4,029.2</b>	100.0%	4,150.8	100.0%	-2.9%	<b>11,229.7</b>	100.0%	12,522.4	100.0%	-10.3%	
Operating Income	<b>401.7</b>	10.0%	421.6	10.2%	-4.7%	<b>1,338.2</b>	11.9%	1,430.7	11.4%	-6.5%	
Controlling Net Income	<b>211.2</b>	5.2%	452.9	10.9%	-53.4%	<b>979.4</b>	8.7%	1,145.1	9.1%	-14.5%	
EBITDA	<b>523.8</b>	13.0%	556.8	13.4%	-5.9%	<b>1,727.9</b>	15.4%	1,847.8	14.8%	-6.5%	
<b>CARSO ENERGY</b>											
Sales	<b>20.5</b>	100.0%	15.5	1.0	31.6%	<b>58.3</b>	100.0%	15.5	1.0	275.0%	
Operating Income	<b>-3.7</b>	-18.0%	-7.6	-0.5	-51.6%	<b>-5.9</b>	-10.1%	-29.7	-1.9	-80.1%	
Controlling Net Income	<b>105.1</b>	513.6%	231.1	14.9	-54.5%	<b>373.5</b>	640.9%	163.4	10.5	128.6%	
EBITDA	<b>-0.1</b>	-0.7%	-5.2	-0.3	-97.4%	<b>2.9</b>	5.0%	-24.6	-1.6	NA	

<b>Consolidated Balance Sheet Data</b>			
Million PESOS(MXN)			
	3Q18	4Q17	Var %
<b>GRUPO CARSO</b>			
Cash & Equivalents	7,966.8	4,331.4	83.9%
Trade Receivables	20,098.5	21,802.9	-7.8%
Accounts Receivable to Related Parties	4,405.8	4,090.6	7.7%
Other Accounts Receivable	3,845.0	4,183.6	-8.1%
Recoverable Taxes	672.8	692.5	-2.8%
Other Financial Assets	1,402.9	777.4	80.5%
Inventories	16,257.6	16,509.7	-1.5%
<b>Current Assets</b>	<b>54,649.4</b>	<b>52,388.0</b>	<b>4.3%</b>
Other Non-Current Trade Receivables	0.0	0.0	0.0%
Non-Current Inventories	937.5	912.0	2.8%
Other Non-Current Financial Assets	547.5	301.2	81.8%
Investments in Associates	25,971.1	24,892.5	4.3%
Property, Plant and Equipment	34,592.7	33,402.6	3.6%
Investment Properties	2,841.2	2,812.2	1.0%
Goodwill	60.9	0.0	NA
Intangible Assets	1,516.1	762.2	98.9%
Deferred Tax Assets	2,312.2	2,384.9	-3.0%
Other Non-Current Non-Financial Assets	1,058.5	992.5	6.6%
<b>Non-Current Assets</b>	<b>69,837.7</b>	<b>66,460.0</b>	<b>5.1%</b>
<b>Total Assets</b>	<b>124,487.1</b>	<b>118,847.9</b>	<b>4.7%</b>
Suppliers	8,750.9	9,911.8	-11.7%
Other Current Trade Payables	8,921.4	7,690.4	16.0%
Short-Term Taxes Payable	445.0	1,063.6	-58.2%
Short-Term Bank Debt	463.5	2,678.4	-82.7%
Other Current Financial Liabilities	18.4	0.3	5924.9%
Other Current Non-Financial Liabilities	1,092.7	238.1	358.9%
Current Provisions	4,601.0	4,476.6	2.8%
<b>Current Liabilities</b>	<b>24,292.9</b>	<b>26,059.3</b>	<b>-6.8%</b>
Long-Term Taxes Payable	1,502.1	1,539.3	-2.4%
Bank loans non-current	9,258.3	7,548.3	22.7%
Stock market loans non-current	3,000.0	0.0	NA
Other non-current financial liabilities	0.0	202.5	-100.0%
Long-Term Provisions	417.0	414.1	0.7%
Deferred Tax Liabilities	2,087.9	2,152.7	-3.0%
<b>Non-Current Liabilities</b>	<b>16,265.2</b>	<b>11,856.9</b>	<b>37.2%</b>
<b>Total Liabilities</b>	<b>40,558.2</b>	<b>37,916.3</b>	<b>7.0%</b>
<b>Stockholder's Equity</b>	<b>83,929.0</b>	<b>80,931.7</b>	<b>3.7%</b>
Shares Outstanding ( '000)	2,281,539	2,271,073.0	0.5%
Closing Stock Price	62.1	64.9	-4.4%

NA=Not Applicable