

Second Quarter 2019 Results

Mexico City, July 25, 2019, Grupo Carso S.A.B. de C.V. ("The Group", BMV: GCARSO OTC: GPOVY) announced today its results for the second quarter of 2019.

RELEVANT EVENTS

- On June 28, 2019 the **first installment of Ps 0.47 (zero pesos 47/100 M.N.) per share, of the cash dividend** of Ps. 0.94 (zero pesos 92/100 N.C) was paid from the balance of the net tax profit account, decreed at the Shareholders Meeting held on April 29, 2019.
- Grupo Sanborns S.A.B. de C.V., subsidiary of Grupo Carso, informed investors on July 15 and 19, of having acquired 33.27% stake in the capital of the Mexican Company **Miniso BF Holding, S. de R.L. de C.V.**
- On June 26, 2019, the Federal Electricity Commission of Mexico (CFE) sent Carso Gasoducto Norte, S.A. de C.V., (CGN) -indirect subsidiary of Grupo Carso, S.A.B. de CV- a **request for the initiation of arbitration** demanding the nullity of certain clauses of the contract for the provision of natural gas transport service by pipeline. This contract was signed on September 23, 2015 by CGN after presenting the best technical and economic option for the CFE according to the International Public Tender No. LPSTGN-002/15, convened by the CFE itself.

HIGHLIGHTS

SALES
+3.8%

- The **total sales** of Grupo Carso reached Ps. 24,235 MM in the 2Q19, 3.8% above the Ps. 23,358 MM in the 2Q18. Grupo Sanborns increased its sales 1.5% and Carso Energy maintained its figures very similar to the previous year with a 0.3% variation. The main increase was in Carso Infraestructura y Construcción (CICSA), which increased 18.3% due to growth in facilities for telecommunications and gas, roads and higher drilling works on geothermal wells.
Consolidated **sales for the first half of 2019** increased 4.8% reaching Ps. 47,067 MM.

OP. INCOME
-12.3%

- The Group's **operating income** decreased 12.3%.
The **accumulated operating income** decreased 6.5% from Ps. 5,460 to Ps. 5,105 MM.

EBITDA
-8.0%

- **EBITDA** totaled Ps. 3,352 MM being 8.0% lower than Ps. 3,642 MM reported in the 2Q18, which corresponded to an EBITDA margin of 13.8%. **EBITDA from January to June 2019** decreased 3.3%.

**NET
INCOME
-26.6%**

- Variations in the exchange rate during the 2Q19 explain the recording of a negative **Comprehensive Financing Result (CFR)** of Ps. -290 MM, compared to a positive CFR of Ps. 453 MM recorded in the 2Q18. The **cumulative CFR** was Ps. -644 MM and greater than the CFR of 2018 which totaled Ps. -71 MM.
- The **Controlling Net Income** was Ps. 1,836 MM compared to Ps. 2,501 in the 2Q18. This 26.6% decrease was due to lower operating results, as well as the negative CFR mentioned in the previous paragraph. The **controlling net income for the first half of 2019** decreased 3.3%.
- **Total debt** as of June 30, 2019 was Ps. 12,684 MM decreasing 3.8% compared to the debt at the end of December 2018. **Net Debt** was Ps. 6,872 MM, compared to a net debt of Ps. 4,269 MM as of December 31, 2018.
The amount of **cash and cash-equivalents** in the 2Q19 totaled Ps. 5,812 MM compared to Ps. 8,918 MM at the end of December 2018. This reduction was due to the payment of dividends, investments in fixed assets and a higher working capital.

The net-debt-to LTM EBITDA was 0.49 times in the 2Q19, compared to 0.28 times at the end of the 2Q18. The Company has a program of dual stock certificates with authorization on February 17, 2019 for up to Ps. 10,000 million, and of which on March 16, 2018 an issuance of Ps. 3,000 million was carried out, with a maturity of 3 years.

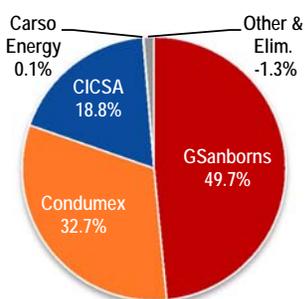
SUMMARY

Amounts in Million Pesos (MM)

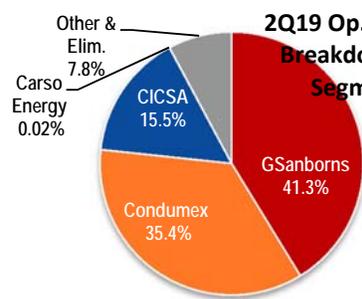
Consolidated Results	2Q19	2Q18	Var %	6M19	6M18	Var %
Sales	24,235	23,358	3.8%	47,067	44,891	4.8%
Operating Income	2,520	2,872	-12.3%	5,105	5,460	-6.5%
Controlling Net Income	1,836	2,501	-26.6%	3,551	3,819	-7.0%
EBITDA	3,352	3,642	-8.0%	6,652	6,876	-3.3%
Operating Margin	10.4%	12.3%		10.8%	12.2%	
EBITDA Margin	13.8%	15.6%		14.1%	15.3%	

CONTRIBUTION TO CONSOLIDATED RESULTS BY SEGMENT

**2Q19
Sales Breakdown
by Segment**



**2Q19 Op. Income
Breakdown by
Segment**



FINANCIAL RESULTS

Financial Results	2Q19	2Q18	Var%	6M19	6M18	Var%
Interest Expense	-186.4	-253.8	-26.6%	-490.6	-468.8	4.7%
Income (Loss) on derivatives net	-148.7	332.4	NA	-299.1	249.2	NA
Interest Income	53.9	117.9	-54.3%	226.4	206.7	9.5%
Interest (net)	-281.3	196.6	NA	-563.2	-12.8	NA
ForEx Results	-8.5	256.9	NA	-80.6	-58.5	37.8%
CFR	-289.8	453.5	NA	-643.8	-71.2	NA
Income taxes	746.8	1,017.6	-26.6%	1,350.4	1,556.5	-13.2%
Earnings from non-consolidated companies	533.1	493.0	8.1%	794.9	502.6	58.2%
Non-controlling participation in Net Income	180.1	300.2	-40.0%	354.8	516.1	-31.2%

NA= Not applicable

RESULTS OF ASSOCIATED COMPANIES

2Q19 Associated Companies	Holding %	Division	Stockholders Equity	Part. in Results (MM MXN)		
				Sales	Op. Income	EBITDA
Elementia, S.A.B. de C.V. (Elementia)	36.47%	GCarso	8,962.8	4,021.5	209.4	534.5
Infraestructura y Transportes México, S.A. de C.V. (ITM)	16.75%	GCarso	1,775.1	0.0	0.0	0.0
Construction projects Consortia	-	CICSA	230.4	383.0	4.4	4.4
Trans-Pecos Pipeline, LLC (Gasoducto Waha-Prestido)	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	2,329.5	63.4	41.4	39.2
Subtotal			17,900.0	5,194.7	867.1	1,190.0
Others investments in associated companies			312.0			
Total Investments in joint ventures ans associates			18,212.0			
			Fair Value			
Companies at market value						
GMéxico Transportes, S.A.B. de C.V. (GMéxico)	15.14%	GCarso	14,708.1	3,493.3	947.1	1,568.5
Others			938.2			
Subtotal			15,646.3	8,688.0	1,814.2	2,758.5
Total Investments in shares			33,858.3			

The shares held by Grupo Carso in Elementia (company listed on the MSE) are recorded at book value of Ps. 8,963 MM and its market valuation at June 30, 2019 amounts to Ps. 3,810 MM. While the shares that Grupo Carso owns in GMéxico Transportes S.A.B. de C.V. (company listed on the MSE), are valued at market value (fair value) at Ps. 14,708 MM. This is in accordance with IFRS 9; therefore, the value of the chart does not match the result from multiplying the stockholders' equity by the percentage of holding, since they are not valued by the participation method.

INTEREST-BEARING LIABILITIES

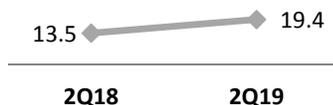
Total Debt by CURRENCY

Pesos	Dollars
24%	76%

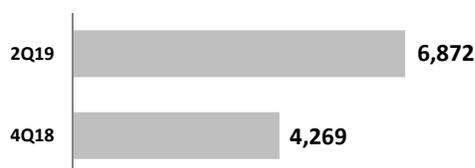
Total Debt by TERM

Short T	Long T
3%	97%

LTM EBITDA/Interest Expense



Net Debt (MM Ps)



RESULTS BY SEGMENT

RETAIL

Consolidated Results	2Q19	2Q18	Var %	6M19	6M18	Var %
Sales	12,052	11,877	1.5%	23,530	23,262	1.2%
Operating Income	1,040	1,156	-10.1%	1,901	2,162	-12.1%
Controlling Net Income	623	627	-0.6%	1,158	1,360	-14.9%
EBITDA	1,589	1,685	-5.7%	2,983	3,155	-5.4%
Operating Margin	8.6%	9.7%		8.1%	9.3%	
EBITDA Margin	13.2%	14.2%		12.7%	13.6%	



Contribution to Consolidated Results
50% SALEX
41% OP. INCOME
47% EBITDA

Note: For more information please refer to the 2Q19 earnings release of Grupo Sanborns, S.A.B. de C.V.

During the second quarter of the year, the **total sales** of Grupo Sanborns amounted to Ps. 12,052 million, which meant an increase of 1.5%. This was due to the non-comparable stores (the newly opened stores less than one year old) of Sears, Promotora Musical and Other Formats.

Operating income was Ps. 1,040 MM, which meant a decrease of 10.1%, with an operating margin of 8.6%. This was explained because although the gross margin remained at 2Q18 levels -highlighting Sanborns and Sears- operating and administrative expenses increased 5.0% due to higher electricity costs and increased wages and salaries; as well as salaries and expenses of the new stores.

Quarterly EBITDA decreased 5.7% totaling Ps. 1,589 million pesos, with a margin of 13.2% in the 2Q19.

The **controlling net income** totaled Ps. 623 million pesos and remained similar with the Ps. 627 million recorded in the 2Q18.

INDUSTRIAL

Consolidated Results	2Q19	2Q18	Var %	6M19	6M18	Var %
Sales	7,930	8,091	-2.0%	15,818	15,350	3.0%
Operating Income	893	1,110	-19.6%	1,904	2,157	-11.7%
Controlling Net Income	758	1,021	-25.7%	1,278	1,597	-20.0%
EBITDA	1,039	1,214	-14.4%	2,111	2,292	-7.9%
Operating Margin	11.3%	13.7%		12.0%	14.0%	
EBITDA Margin	13.1%	15.0%		13.3%	14.9%	



Contribution to
Consolidated Results
33% SALES
35% OP. INCOME
31% EBITDA

In the 2Q19, **the sales** of Grupo Condumex decreased 2.0%, totaling Ps. 7,930 MM. There was a good performance in Telecom in copper, fiber optic and coaxial cables. However, they did not compensate for reductions in construction and automotive cables. The former, due to lower market demand, and the latter, due to delays in the start-up of some platforms.

Quarterly **operating income and EBITDA** were Ps. 893 MM and Ps. 1,039 MM, decreasing 19.6% and 14.4%, respectively. This was mainly explained by higher personnel and raw material costs in auto parts, as well as lower sales in certain lines in the Cables sector.

The **controlling net income** of Grupo Condumex decreased 25.7% from Ps. 1,021 MM in the 2Q18 to Ps. 758 MM in the 2Q19, affected by lower operating margins and the strength of the peso.

INFRAESTRUCTURE AND CONSTRUCTION

Consolidated Results	2Q19	2Q18	Var %	6M19	6M18	Var %
Sales	4,557	3,851	18.3%	8,687	7,201	20.6%
Operating Income	390	497	-21.5%	917	937	-2.1%
Controlling Net Income	164	424	-61.2%	623	768	-18.9%
EBITDA	524	624	-16.0%	1,173	1,204	-2.6%
Operating Margin	8.6%	12.9%		10.6%	13.0%	
EBITDA Margin	11.5%	16.2%		13.5%	16.7%	

carso

Contribution to
Consolidated Results
19% SALES
15% OP. INCOME
16% EBITDA

Sales of Carso Infraestructura y Construcción (CICSA) grew 18.3%, totaling Ps. 4,557 MM in the second quarter of the year. This result was achieved by higher revenues in all sectors except Civil Construction, due to lower works in progress. Pipeline Installations improved its revenues 32.9% driven by higher telecom projects, Infrastructure improved 43.1% due to the construction of highway projects, and Manufacturing and Services for the Oil and Chemical Industry recorded greater activity in services for directional and geothermal drilling.

CICSA's **quarterly operating income and EBITDA** decreased 21.5% and 16.0%, respectively. The profitability of Pipeline Installations –with the greatest growth in sales- did not compensate for other business lines that in the 2Q18 recorded better margins; as well as the recognition of costs without income that are in negotiation process with customers.

The **controlling net income** decreased 61.2% from Ps. 424 MM in 2Q18 to Ps. 164 MM in 2Q19.

The mix of projects currently in place includes the completion of the Emisor Oriente Tunnel, the Las Varas-Vallarta highway, the corridor of the beaches in Panama, various real estate projects, the services of facilities for Telecom, the construction of the Samalayuca-Sasabe gas pipeline as well as various services for the well drilling industry.

The **CICSA backlog** totaled Ps. 19,791 MM as of June 30, 2019, compared to Ps. 12,457 MM in the same period last year. It does not include the part that corresponds to CICSA of projects in consortium with other companies that in the 2Q18 was Ps. 22,917 MM, and in the 2Q19 was Ps. 1,237 MM, being the cancellation of the New Mexico City airport the main cause of this reduction.

CARSO ENERGY

Consolidated Results	2Q19	2Q18	Var %	6M19	6M18	Var %
Sales	16	16	0.3%	30	38	-21.8%
Operating Income	1	6	-90.9%	-1	-2	-61.9%
Controlling Net Income	131	60	119.4%	271	268	1.1%
EBITDA	2	9	-76.6%	2	3	-35.5%
Operating Margin	3.8%	41.5%		NA	NA	
EBITDA Margin	13.2%	56.6%		6.4%	7.8%	



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

Consolidated sales of Carso Energy amounted to Ps.16 million in the 2Q19, remaining constant compared to the 2Q18 with a variation of 0.3%. Basically it refers to the sale of oil in Tabasco Oil Company (Colombia).

The quarterly **operating income and EBITDA** of the energy division were Ps. 1 MM and Ps. 2 MM, decreasing compared to Ps. 6 MM and Ps. 9 MM, respectively.

Carso Energy's **controlling net income** was Ps. 131 MM compared to Ps. 60 MM in the 2Q18 driven by the gas pipeline results in Texas, where we recognize 51.0% of its profits and adjustments to deferred taxes.

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INVITATION TO THE CONFERENCE CALL:

Date: Friday, July 26, 2019
 Time: 10:00-10:30 A.M. Mexico City Time / 11:00 A.M.-11:30 A.M. NY Time (US EST)
 Access Number: +52 (55) 8880-8040 (Mexico Dial-In)
 +1 (412) 317-6384 (International)
 +1 (844) 686-3847 (USA Toll-Free)
 Conference ID: Grupo Carso
 Replay: International and Mexico: +1 (412) 317-0088
 USA Toll-Free: +1 (877) 344-7529
 Canada Toll-Free: +1 (855) 669-9658
 Replay Code: 10132874 (Available until August 7, 2019)

ADDITIONAL CHARTS:

Consolidated Financial Income Data										
Million PESOS (MXN)										
	2Q19		2Q18		Var %	6M19		6M18		Var %
GRUPO CARSO										
Revenues	24,234.7	100.0%	23,358.3	100.0%	3.8%	47,067.5	100.0%	44,890.9	100.0%	4.8%
Operating Income	2,519.9	10.4%	2,872.2	12.3%	-12.3%	5,105.1	10.8%	5,460.2	12.2%	-6.5%
Financial Results	-289.8	-1.2%	453.5	1.9%	NA	-643.8	-1.4%	-71.2	-0.2%	803.7%
Controlling Net Income	1,836.3	7.6%	2,500.9	10.7%	-26.6%	3,550.9	7.5%	3,818.8	8.5%	-7.0%
EBITDA	3,351.6	13.8%	3,641.7	15.6%	-8.0%	6,651.7	14.1%	6,875.8	15.3%	-3.3%
GRUPO SANBORNS										
Sales	12,051.6	100.0%	11,877.2	100.0%	1.5%	23,530.0	100.0%	23,262.2	100.0%	1.2%
Operating Income	1,039.8	8.6%	1,156.2	9.7%	-10.1%	1,901.1	8.1%	2,161.6	9.3%	-12.1%
Controlling Net Income	622.9	5.2%	626.9	5.3%	-0.6%	1,157.6	4.9%	1,360.2	5.8%	-14.9%
EBITDA	1,589.3	13.2%	1,684.7	14.2%	-5.7%	2,982.8	12.7%	3,154.5	13.6%	-5.4%
GRUPO CONDUMEX										
Sales	7,929.9	100.0%	8,090.5	100.0%	-2.0%	15,817.5	100.0%	15,350.3	100.0%	3.0%
Operating Income	892.5	11.3%	1,109.6	13.7%	-19.6%	1,904.2	12.0%	2,156.7	14.0%	-11.7%
Controlling Net Income	757.8	9.6%	1,020.6	12.6%	-25.7%	1,277.6	8.1%	1,597.0	10.4%	-20.0%
EBITDA	1,039.4	13.1%	1,213.6	15.0%	-14.4%	2,110.9	13.3%	2,291.6	14.9%	-7.9%
CICSA										
Sales	4,557.2	100.0%	3,850.9	100.0%	18.3%	8,687.3	100.0%	7,200.6	100.0%	20.6%
Operating Income	389.9	8.6%	497.0	12.9%	-21.5%	916.6	10.6%	936.5	13.0%	-2.1%
Controlling Net Income	164.4	3.6%	423.9	11.0%	-61.2%	623.2	7.2%	768.2	10.7%	-18.9%
EBITDA	524.2	11.5%	623.9	16.2%	-16.0%	1,172.9	13.5%	1,204.1	16.7%	-2.6%
CARSO ENERGY										
Sales	15.6	100.0%	15.5	1.0	0.3%	29.6	100.0%	37.8	1.0	-21.8%
Operating Income	0.6	3.8%	6.4	0.4	-90.9%	-0.8	-2.9%	-2.2	-0.1	-61.9%
Controlling Net Income	131.0	840.1%	59.7	3.8	119.4%	271.4	NA	268.4	NA	1.1%
EBITDA	2.1	13.2%	8.8	0.6	-76.6%	1.9	6.4%	2.9	0.1	-35.5%

Consolidated Balance Sheet Data			
Million PESOS(MXN)			
	1Q19	4Q18	Var %
GRUPO CARSO			
Cash & Equivalents	5,094.0	7,767.5	-34.4%
Trade Receivables	20,691.8	19,571.1	5.7%
Accounts Receivable to Related Parties	5,093.3	4,708.0	8.2%
Other Accounts Receivable	4,625.9	4,021.2	15.0%
Recoverable Taxes	1,127.9	860.6	31.1%
Other Financial Assets	718.5	1,150.2	-37.5%
Inventories	17,115.2	17,764.6	-3.7%
Current Assets	54,466.5	55,843.2	-2.5%
Other Non-Current Trade Receivables	1,211.6	1,299.0	-6.7%
Non-Current Inventories	937.5	937.5	0.0%
Other Non-Current Financial Assets	175.1	478.9	-63.4%
Investments in Associates	33,858.2	34,760.6	-2.6%
Property, Plant and Equipment	36,223.2	35,620.3	1.7%
Investment Properties	3,072.4	3,068.5	0.1%
Assets for Rights of Use	5,567.7	5,484.4	1.5%
Goodwill	0.0	0.0	0.0%
Intangible Assets	1,414.1	1,220.0	15.9%
Deferred Tax Assets	4,007.6	3,902.7	2.7%
Other Non-Current Non-Financial Assets	1,019.0	1,014.7	0.4%
Non-Current Assets	87,486.4	87,786.5	-0.3%
Total Assets	141,952.9	143,629.7	-1.2%
Suppliers	8,062.4	11,278.4	-28.5%
Other Short-Term Accounts Payable	8,357.5	7,403.7	12.9%
Short-Term Taxes Payable	560.9	552.0	1.6%
Short-Term Debt	318.5	516.9	-38.4%
Short-Term Bank Debt	6.2	8.9	-30.1%
Short-Term Lease Liabilities	1,420.0	1,247.0	13.9%
Other Current Non-Financial Liabilities	1,852.4	1,157.1	60.1%
Current Provisions	4,834.2	4,221.2	14.5%
Current Liabilities	25,412.0	26,385.1	-3.7%
Long-Term Taxes Payable	1,626.2	1,756.7	-7.4%
Bank loans non-current	9,365.5	9,669.9	-3.1%
Stock market loans non-current	3,000.0	3,000.0	0.0%
Other non-current financial liabilities	343.1	0.0	NA
Long-Term Lease Liabilities	5,212.6	5,239.5	
Long-Term Provisions	242.6	184.3	31.6%
Deferred Tax Liabilities	5,244.2	4,962.6	5.7%
Non-Current Liabilities	25,034.2	24,812.9	0.9%
Total Liabilities	50,446.2	51,198.1	-1.5%
Stockholder's Equity	91,506.7	92,431.6	-1.0%
Shares Outstanding ('000)	2,281,439	2,281,438.7	0.0%
Closing Stock Price	71.6	70.4	1.6%

NA=Not Applicable