

# 1Q 2019 Results

29/04/2019

# Financial Highlights

Million MXN

- **Volume & Revenue:**

- ✓ Net Ton-Km up 0.5%

- ✓ Revenue increased 7%

- **EBITDA:**

- ✓ P\$4,768 million (+12%)

- **Net Income:**

- ✓ Decreased 27%; We had a non recurrent FX gain during 1Q 2018, caused by the bridge loan settled in that year.

2019

Revenue

\$10,899  
7%

Operating Profit

\$2,575  
2%

EBITDA

\$4,768  
12%

Net Income

\$1,357  
(27)%

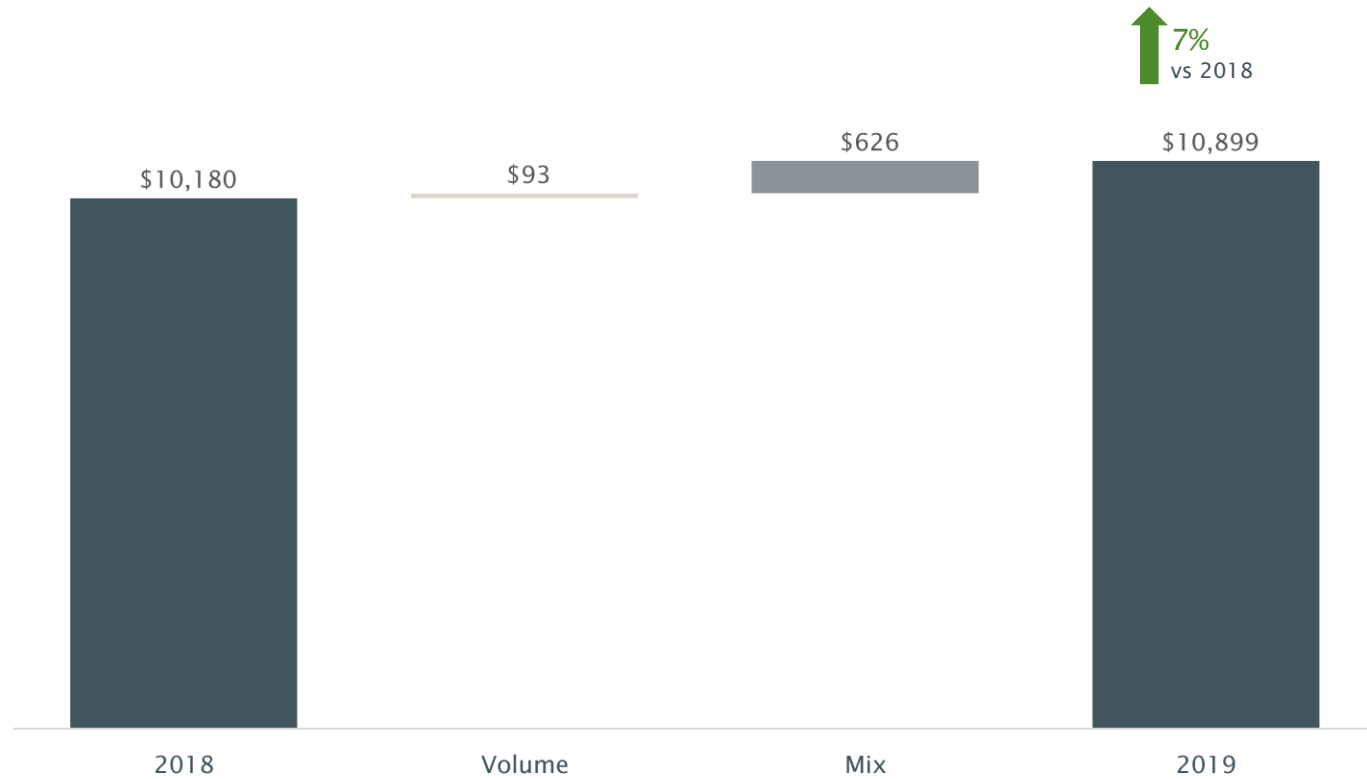
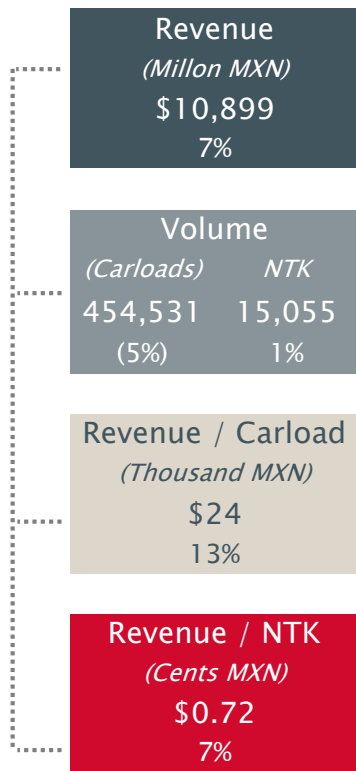
EPS

\$0.3309

# Revenue

Million MXN

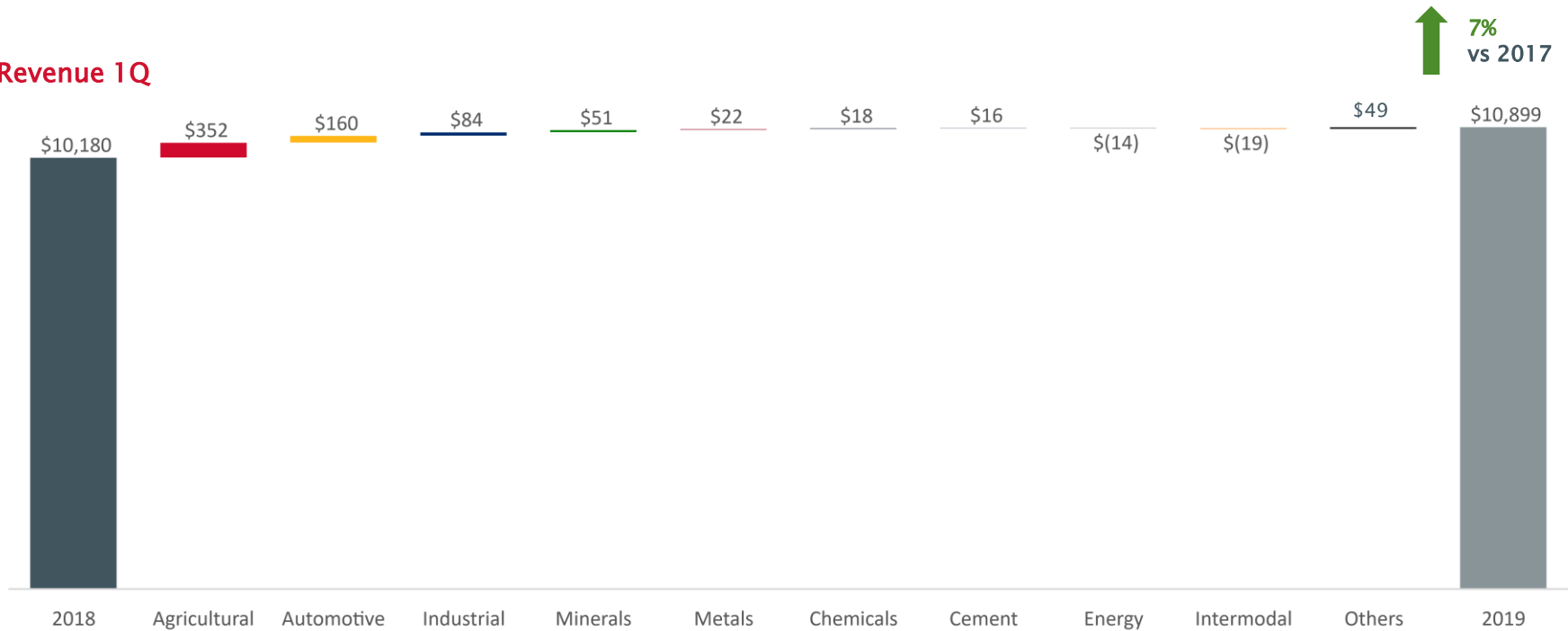
## 1Q 2019



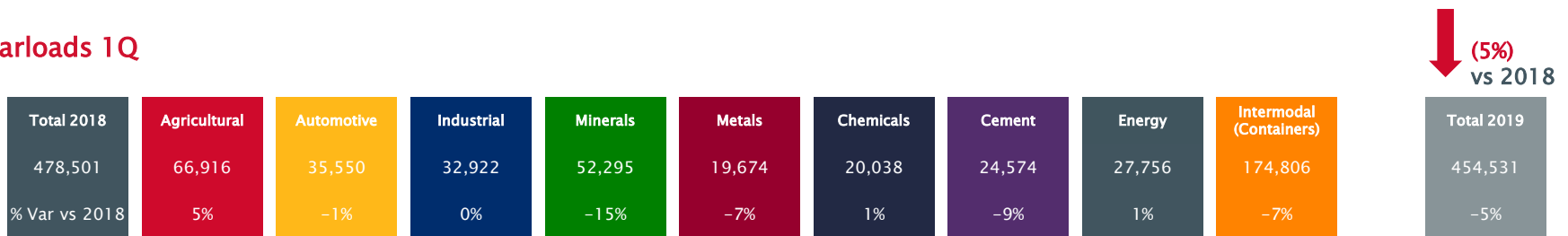
# Revenue and Carloads

Million MXN

## Revenue 1Q



## Carloads 1Q



# Main Variations

Revenue 1Q 2019

Volumes were affected by blockades, disruption of energy supply in Mexico and snowfall & flood in Midwest of USA.

▲ % Revenue Growth

High	33%	17%	<b>Agricultural:</b> Increase in the imports of grains and local crops.
		16%	<b>Automotive:</b> Increased exports of new vehicles due to stronger demand on the US West Coast.
		11%	<b>Industrial:</b> Finished exports to US destinations. Increased imports of paper waste.
Neutral	44%	4%	<b>Metals:</b> Decrease in steel exports to USA due to the customs tariffs offset by an increase of imports.
		4%	<b>Minerals:</b> Increased exports through Guaymas.
		3%	<b>Cement:</b> Decrease in volume due to the cancellation of the new CDMX airport, offset by growth in other routes.
		2%	<b>Chemicals:</b> Increased fertilizer and sodium carbonate imports and recovered routes of imported resins.
Fall	23%	-1%	<b>Intermodal:</b> Decrease on the Manzanillo's volume due to blockades.
		-2%	<b>Energy:</b> Significant decrease on the Diesel movements due to the Government's strategy to fight the theft of refined products.

# Financial Breakdown

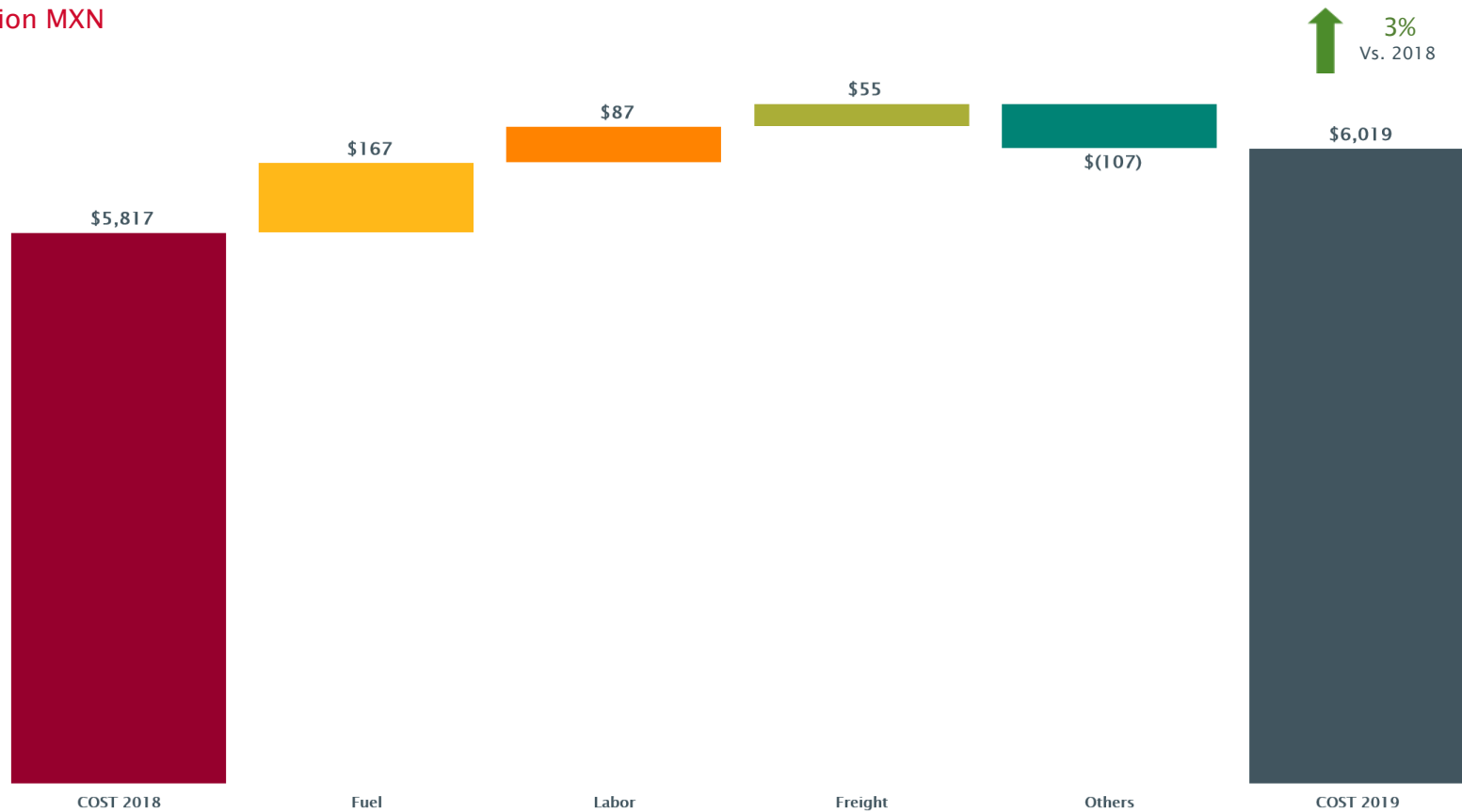
1Q 2019 vs 1Q 2018

Million MXN

Concept	GMXT		Variation	
	2019	2018	\$	%
Revenues	\$ 10,899	\$ 10,180	\$ 719	7%
Operating cost	6,019	5,817	202	3%
Administrative expenses	685	637	48	8%
Other (income) expense	(36)	(31)	(5)	16%
Total operating cost	\$ 6,668	\$ 6,423	\$ 245	4%
Adjustments	537	485	52	11%
EBITDA	\$ 4,768	\$ 4,242	\$ 526	12%
EBITDA margin	<b>43.7%</b>	<b>41.7%</b>		

# COST Breakdown

1Q 2019 vs 1Q 2018  
Million MXN



#### Increase:

- **Fuel:** Increase in price, partially offset by better consumption rate
- **Labor:** Increase in collective agreement.
- **Freight:** Increase in fist and last mile cost.

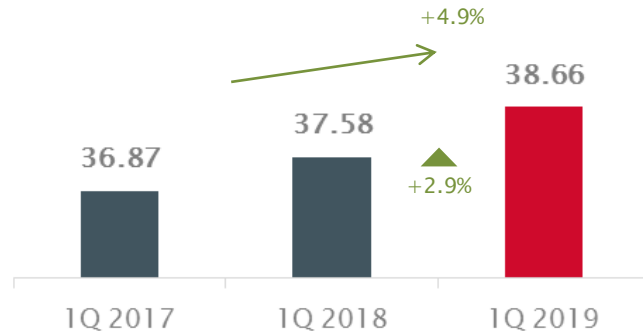
#### Decrease:

- **Fleet:** Fleet reduction, New NIIF 16 and other costs.

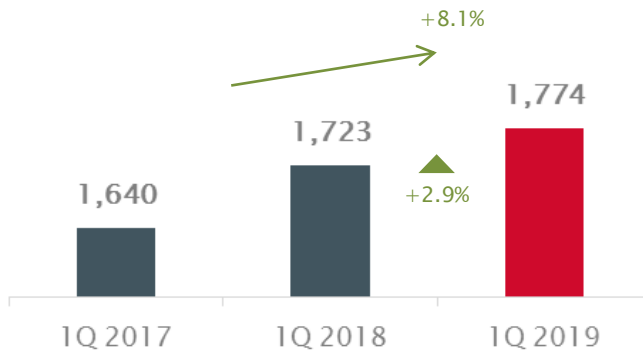
# Operating Metrics

1Q 2019 vs 1Q 2018

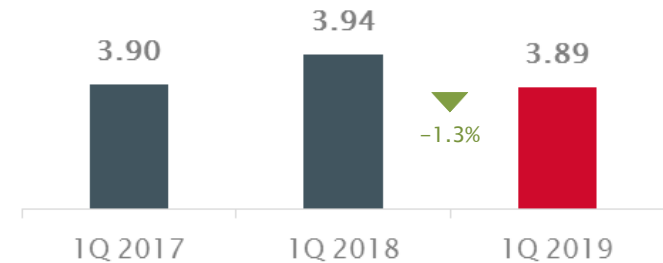
Average Train Speed  
(km/hr)



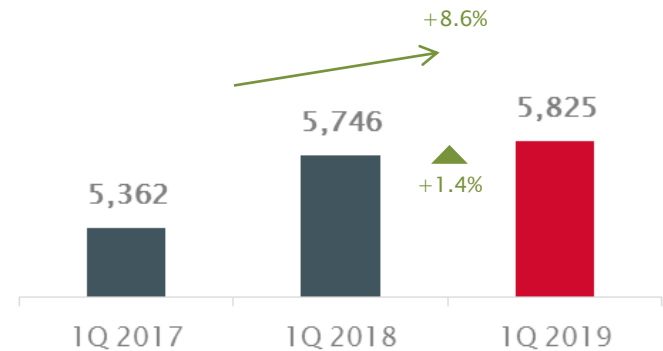
Average Train Length  
(Meters)



Fuel Efficiency  
(Liters/ 1000 GTK 's)








Gross Tons per Train  
(Tons)





# Precision Scheduled Railroad (PSR)

Processes

 1) Increase Train Length, Network Fluidity and Speed
 2) Decrease Dwell Time at Terminals
 3) Maximize Horsepower Utilization
 4) Balance Trains in each direction
 5) Clear Workflow Processes



## Identified Savings (Annualized)

- Reduction of +4,000 train starts (-4%)
- Over 4,950 railcars to return or scrap
- 176 locomotives to store, sell or scrap

# Capital Expenditures





Infraestructure 2019

Description	CAPEX Million (MXN)	Main Projects	Other Projects
<b>MAINTENANCE</b>	\$ 4,378.7	- New Rail & Ties	- Rail maintenance - Locomotive overhaul - Tools and equipment - Bridges - Others
<b>EFFICIENCY</b>	\$ 1,288.9	- Technology and equipment - Construction and reconfiguration of yards	- Construction / extension of sidings - CTC implementation (signaling) - Others
<b>GROWTH</b>	\$ 1,623.0	- Locomotives - Monterrey Yard <b>1</b> - Piedras Negras Yard	- Intermodal ramps <b>2</b> - Others
<b>STRATEGIC</b>	\$ 1,759.3	- Celaya bypass <b>3</b> - Monterrey bypass <b>4</b> - Chihuahua-Ojinaga corridor <b>5</b> - Land Acquisition	
	<b>\$ 9,049.9</b>		
<b>SAVINGS</b>	<b>\$(1,131.0)</b>	- Reduction of capex achieved by PSR.	
	<b>\$ 7,918.9</b>		



# Outlook

2019

Financial Outlook – 2019		
Volume Growth	   	3% – 5%
Revenue Growth		8% – 11%
Operating Ratio		150 – 200 BP
Capital Expenditures		\$406 Million USD >15.5% of revenue through 2019

Outlook 2019		
Outlook	Market	Drivers
Double Digit Growth	Agricultural	Increase in the shuttle trains volume and in local crop.
	Automotive	Increased exports of new vehicles due to stronger demand on the US West Coast.
	Industrial	New Railcar exports to US destinations. Increased imports of paper waste.
Single Digit Growth	Metals	Decrease in steel exports to USA due to the customs tariffs offset by an increase of imported metal sheets for vehicle production and an increase of scrap routes both domestic and exports
	Minerals	Increased exports through Pacific Ports.
	Cement	Decrease in volume due to the cancellation of the new CDMX airport, partially offset by an increase in other routes.
	Chemicals	35% increase on the imports volume of fertilizer via Topolobampo. Recovered and increased routes of imported resins. 20% increase on the volume of sodium carbonate imports.
Single Digit Fall	Intermodal	Decrease on the Manzanillo's volume due to blockades and FEC being affected by CSX PSR.
	Energy	Significant decrease on the Diesel and Fuel movements due to the Government's strategy to fight the theft of refined products.

# New Refined Products Terminals

