4Q 2018
Results

Ferromex · Ferrosur · Florida East Coast · Imex · Raven · Texas Pacífico

GRUPOMEXICO TRANSPORTES

Financial Highlights

Million MXN

- **Volume & Revenue:**
  - ✓ **Revenue** increased 12%
  - ✓ **Net Ton-Km** up 6%
- **EBITDA:**
  - ✓ P$5,076 million (+**12%**)
- **Net Income:**
  - ✓ **Increased 10%**
- **Earning per Share (EPS):**
  - ✓ **Increased 10%**

	4Q 2018	2018
Revenue	$12,136 12%	$45,431 18%
Operating Profit	$3,342 25%	$12,397 18%
EBITDA	$5,076 12%	$19,485 18%
Net Income	$1,698 10%	$7,008 17%
EPS	$0.4140	$1.7090

Revenue

Million MXN

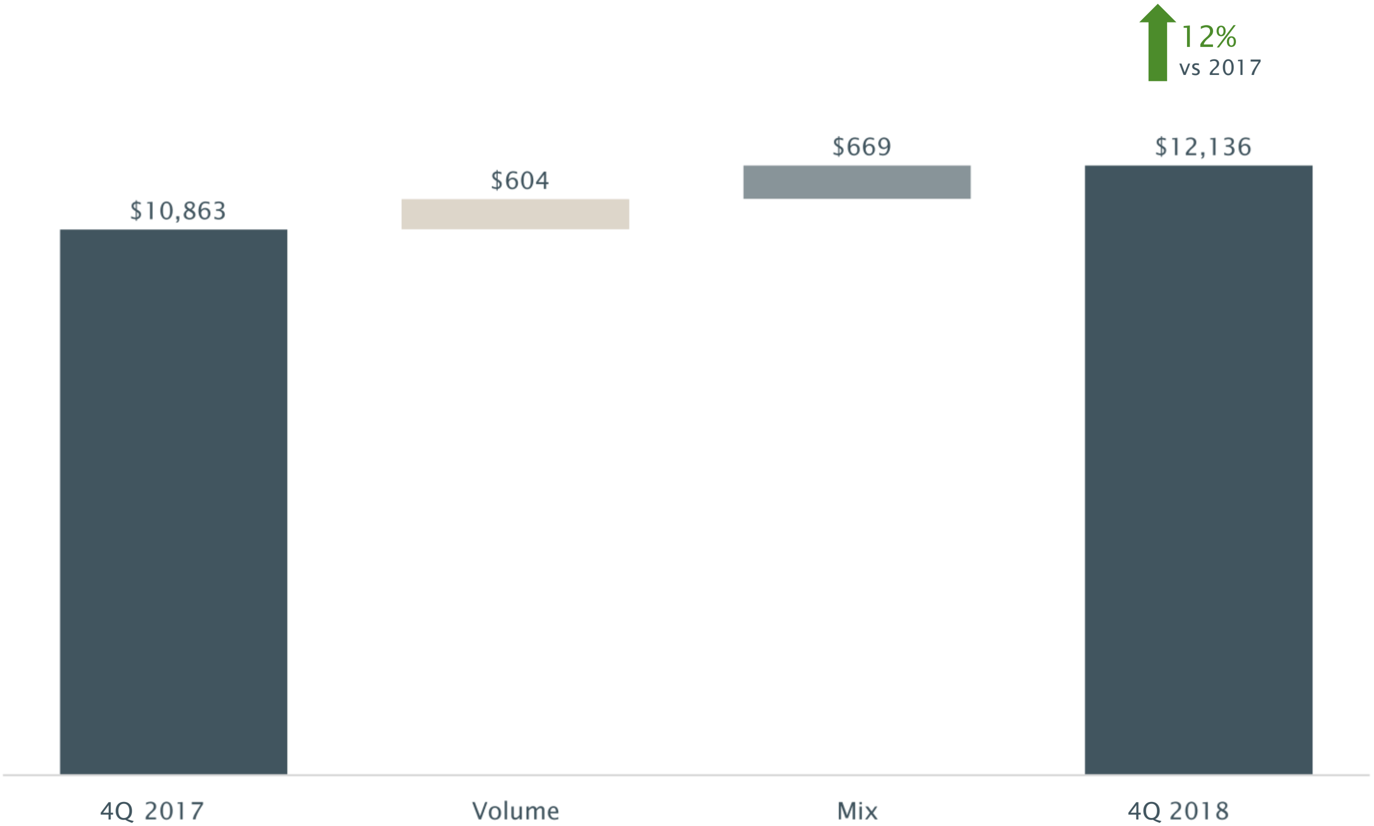
4Q 2018

Revenue *(Millon MXN)*	
$12,136	
12%	

Volume	
(Carloads)	*NTK*
493,844	16,548
-2%	6%

$ / Carload *(Miles MXN)*
$25
14%

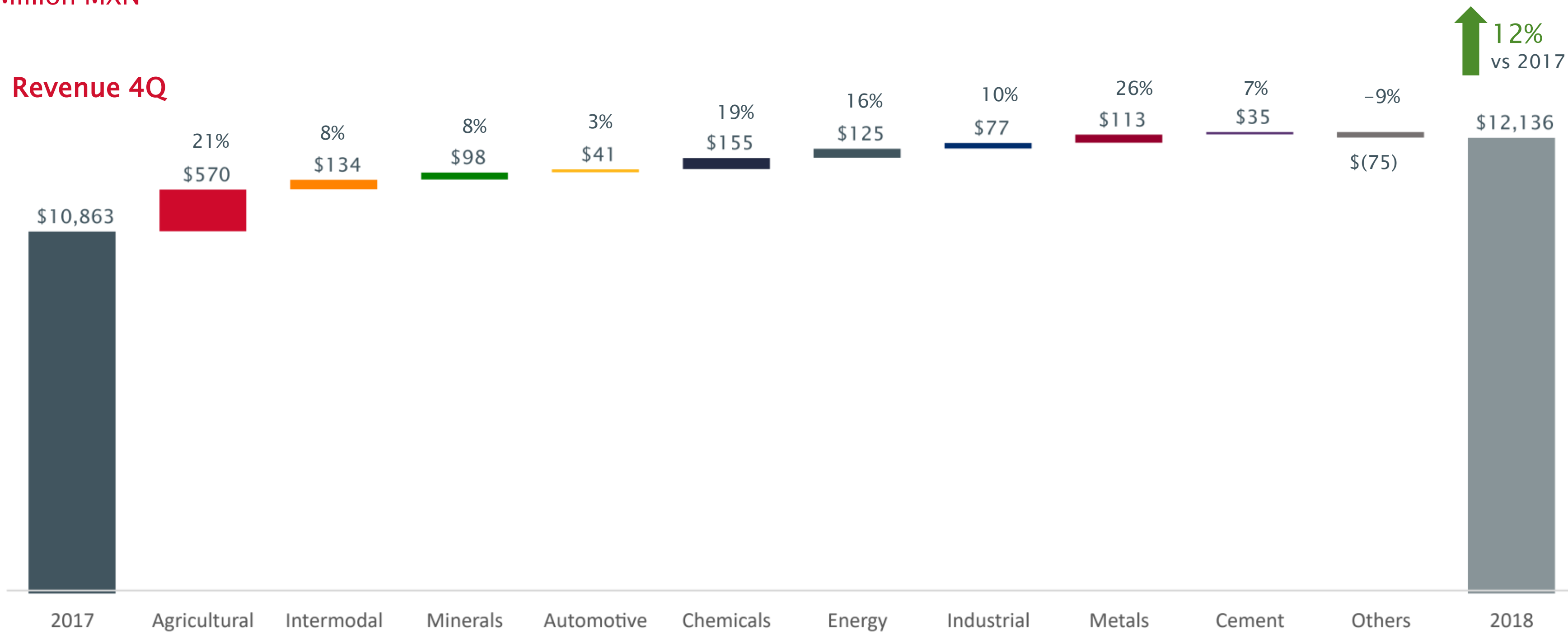
$ / NTK *(Cents MXN)*
$0.73
5%



Revenue and Carloads

Million MXN

Revenue 4Q



Carloads 4Q

-2%
vs 2017

Total 2017	Agricultural	Intermodal (Containers)	Minerals	Automotive	Chemicals	Energy	Industrial	Metals	Cement	Total 2018
505,204	77,114	197,090	51,773	39,007	21,418	29,973	30,984	20,608	25,877	493,844
% Var vs 2017	6%	-4%	-13%	-6%	7%	14%	-4%	9%	-5%	-2%

Primary Variances

Revenue 4Q2 018

	▲ % Revenue Growth		
High	44%	26%	**Metals**: New routes due to truck conversions
		21%	**Agricultural**: Grain imports increased, including record volume of unitary and shuttle trains in May
		19%	**Chemicals**: Recovered traffic after controlling security breaches
		16%	**Energy**: New routes due to imports of diesel, gasoline, and LPG. Coal exports from USA to Guaymas port
Medium	44%	10%	**Industrial**: Beer exports increased. New Railcar construction was reactivated for US destinations
		8%	**Intermodal**: Domestic routes volume increased & volume consolidation from Florida operation
		8%	**Minerals**: Silica sand, briquette & iron ore volumes' increased & volume consolidation from Florida operation
		7%	**Cement**: New routes due to truck conversions
Neutral	11%	3%	**Automotive**: Decrease in vehicle exports to the US due to drop in small vehicle sales

Financial Breakdown

GMXT
4Q 2018 and 2017
(Million MXN)

4Q

Concept	GMXT (Exc. FEC) 4Q2018	GMXT (Exc. FEC) 4Q2017	Variation $	Variation %	FEC 4Q2018	FEC 4Q2017	Variation $	Variation %	GMXT 4Q2018	GMXT 4Q2017	Variation $	Variation %
Revenues	$ 10,005	$ 8,781	$1,224	14%	$ 2,131	$ 2,082	$ 49	2%	$ 12,136	$ 10,863	$ 1,273	12%
Operating cost	5,616	5,185	431	8%	1,194	1,081	113	10%	6,810	6,266	544	9%
Administrative expenses	592	593	(1)	(0)%	149	167	(18)	(11)%	741	760	(19)	(3)%
Other (income) expense	(46)	(44)	(2)	5%	(2)	2	(4)	(200)%	(48)	(42)	(6)	14%
Total operating cost	$ 6,162	$ 5,734	$ 428	7%	$ 1,341	$ 1,250	$ 91	7%	$ 7,503	$ 6,984	$ 519	7%
Adjustments	443	640	(197)	(31)%	–	–	–	–	443	640	(197)	(31)%
EBITDA	$ 4,286	$ 3,687	$ 599	16%	$ 790	$ 832	$ (42)	(5)%	$ 5,076	$ 4,519	$ 557	12%
EBITDA margin	42.8%	42.0%			37.1%	40.0%			41.8%	41.6%		

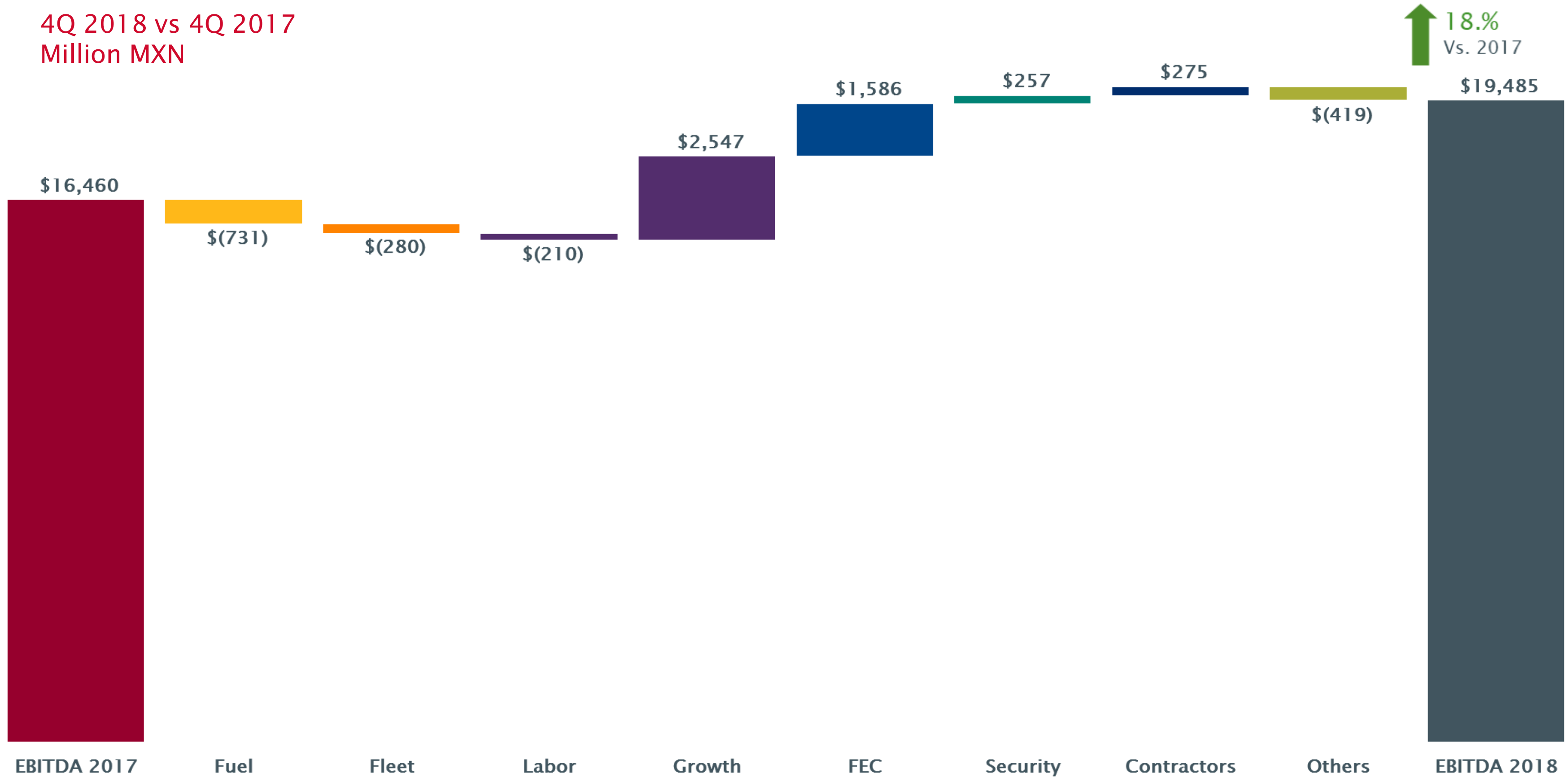
GMXT
As of December 31, 2018 and 2017
(Million MXN)

Cumulative

Concept	GMXT (Exc. FEC) 2018	GMXT (Exc. FEC) 2017	Variation $	Variation %	FEC 2018	FEC 2017	Variation $	Variation %	GMXT 2018	GMXT 2017	Variation $	Variation %
Revenues	$ 37,273	$ 34,726	$2,547	7%	$ 8,158	$ 3,851	$4,307	112%	$ 45,431	$ 38,577	$ 6,854	18%
Operating cost	20,859	19,809	1,050	5%	4,508	2,062	2,446	119%	25,367	21,871	3,496	16%
Administrative expenses	2,171	2,084	87	4%	631	352	279	79%	2,802	2,436	366	15%
Other (income) expense	(153)	(157)	4	(3)%	–	4	(4)	(100)%	(153)	(153)	–	0%
Total operating cost	$ 22,877	$ 21,736	$1,141	5%	$ 5,139	$ 2,418	$2,721	113%	$ 28,016	$ 24,154	$ 3,862	16%
Adjustments	2,070	2,037	33	2%	–	–	–	–	2,070	2,037	33	2%
EBITDA	$ 16,466	$ 15,027	$1,439	10%	$ 3,019	$ 1,433	$1,586	111%	$ 19,485	$ 16,460	$ 3,025	18%
EBITDA margin	44.2%	43.3%			37.0%	37.2%			42.9%	42.7%		

EBITDA Breakdown

4Q 2018 vs 4Q 2017
Million MXN



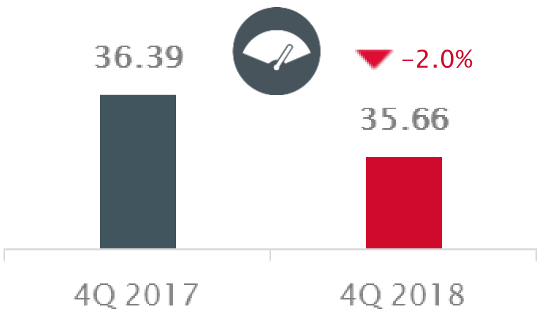
Decrease:
- **Fuel**: Increase in price P$641, volume P$73, gasoline P$17.
- **Fleet**: Net Car Hire was affected by volume growth.
- **Labor**: Increase in collective agreement, Blockades, Payroll taxes and others.

Increase:
- **Growth in revenues**: Agricultural, Energy, Metals and Minerals.
- **FEC**: Consolidation of P$1,586 million.
- **Security**: Decrease in vandalism cost and surveillance services.

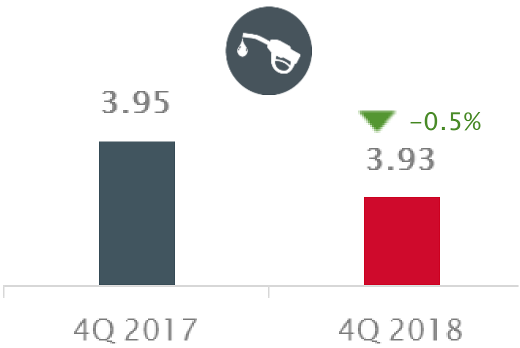
Operating Metrics

4Q 2018 vs 4Q 2017

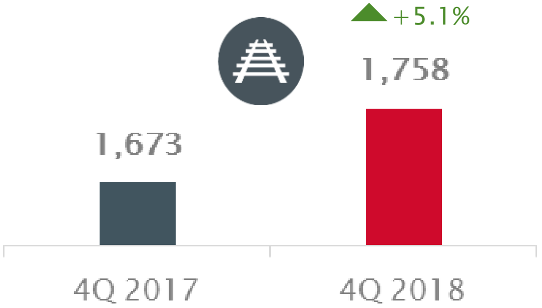
Average Train Speed
(km/hr)



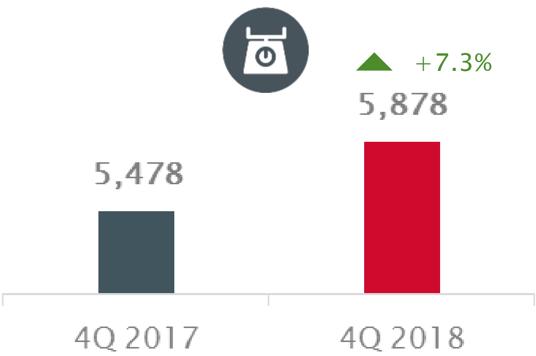
Fuel Efficiency
(Liters/ 1000 GTK´s)



Average Train Length
(Meters)



Gross Tons per Train
(Tons)



Florida East Coast

- Safety: 2018 FRA reportable injuries down 50% vs. PY and EOY Frequency Index (FI) 1.02 Track caused derailments down 75% vs. PY. Grade Crossing Accidents down 69% vs. PY.
- Growth: 2018 revenue up 3.2% vs. PY; 4Q18 decreased 2.2% vs. 4Q 2017: Intermodal strength in Motor Carrier & Parcel offset by IMC & International. Carload strength in Ethanol off-set by Automotive and Minerals. Raven steady with gains seen in Dedicated.
- Overhead: Total FEC headcount 4Q 2018 down 6% vs. PY
- Productivity/Service: New train plan implemented to increase productivity while retaining customer service. 2018 UPS on-time performance industry leading 99.3%. Maintenance slow orders reduced 35% vs. PY. Train re-crews reduced 67% vs 2017. Horsepower per Trailing Ton (HPTT) improved to 0.97 or 13%.
- LNG: Diesel substitution rate with LNG improved 13% vs. 2017. New software modules scheduled to be installed during 1Q2019 to further improve substitution rates.
- Pricing: Pricing strength moderating slightly. Contract renewal pricing near 5%
- Market Reach: Titusville intermodal facility volumes growing. Several new FEC intermodal lanes to/from Florida with Class I's have been established.

Full Year Overview

- During 2018 **we managed to deliver on top-line revenue** achieving:
    - **$45,431 million pesos** an increase of **18% over 2017**
    - Our 2018 **EBITDA** reached **$19,485 million pesos**, an **18% improvement** vs 2017.

- **We faced many external challenges** such as weather, theft, vandalism and blockades. We have achieved **significant improvements,** our responses strengthened our capabilities to mitigate similar events in the future.

- We came close to **achieving targeted operating efficiencies** and remain confident that through the deployment of several improvement programs that will **achieve higher metrics in 2019.**

- 2019 should be another record year for us, as we have **full support from the incoming Federal Government to protect the railroad** and adjustment are being made on our Processes, People and Infrastructure **to become best in class within the Class 1 Railroads in North America.**

Precision Scheduled Railroad (PSR)

Processes

1) Increase Train Length, Network Fluidity and Speed. *Manifest over dedicated services.*

2) Decrease Dwell Time at Terminals. *Less switches, more outbound train alternatives.*

3) Maximize Horsepower Utilization. *Work locomotives at least 80% of the day and haul at least at 50% of capacity.*

4) Balance Trains in each direction. *No Locomotive Repo, No DHs, No taxis.*

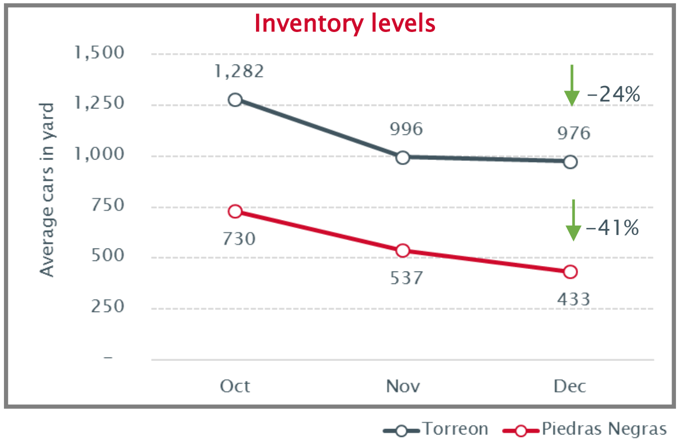
5) Clear Workflow Processes. *What is to be done and when…*

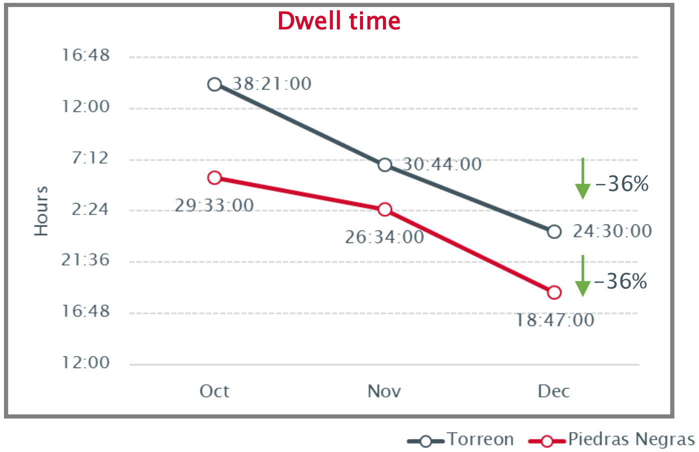
By applying these principles to our fastest growing corridor (Torreon – Piedras Negras 20%+ growth 2S2018) we managed to turn our service around in two months and come out stronger, we are now applying to the rest of our network. Asset utilization improves drastically and allows us to reconsider our CAPEX programs.

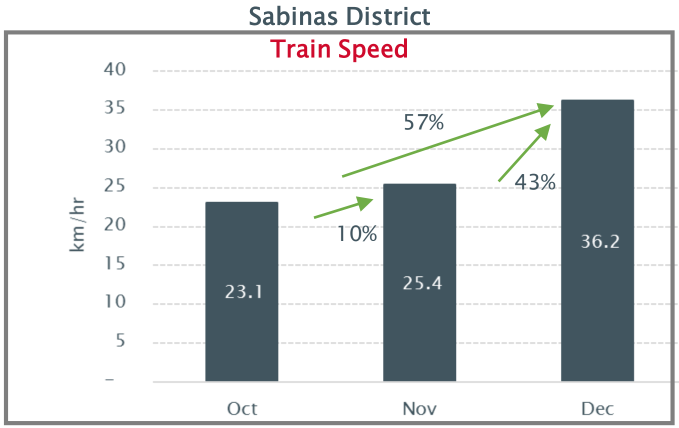
Torreon – Piedras Negras

Processes

Inventory levels, Dwell time and Speed improved significantly.







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Organizational Changes

People

As of Jan 1 2019, we have strengthened our team with some additions from outside our Company and some from within:

Isaac Franklin – Chief Commercial Officer

Isaac will be heading our Commercial team, overseeing Marketing, Sales, Fleet Management and Customer Service. He served as CEO of TUMEX and had previuosly worked within our organization as Chief Financial Officer of one of our subsidiaries and as CEO of Ferrovalle where we hold a 50% stake.

Jorge Marquez – VP Marketing & Fleet

Jorge will lead our Marketing and Fleet. His role and his team's is to increase our market share versus Over the Road across all of our segments while minding margins and fleet utilization. Before joining us, Jorge ran Business Development for the Saenz Group and previously held different positions within KCS in Marketing, Fleet Management and Customer Service.

Alberto Vergara – VP Planning

Alberto and his team will be entirely responsible for our PSR focused Service Plan, Service Design, Capacity and Resource Planning. This is a new position within our company and will also allow our Projects team to focus entirely on our Capital Expenditures and Special Projects. Up to December 31, Alberto ran our Marketing and Fleet for 12 years, before joining our company from TFM/KCSM. Alberto will report directly to Lorenzo Reyes Retana our Chief Projects Officer.

Ivan Verdugo – VP Transportation

Ivan's responsibility will be to execute our new Service Master Plan and to communicate to the Planning team any enhancements that we can bring to our Plan, our Processes and our Infrastructure. He ran our Mechanical department for 6 years after joining us from Cemex.

Capital Expenditures

Infraestructure

Description	CAPEX Million (MXN)	Main Projects	Other Projects
MAINTENANCE	$ 4,378.7	– New Rail & Ties	– Rail maintenance – Locomotive overhaul – Tools and equipment – Bridges – Others
EFFICIENCY	$1,288.9	– Technology and equipment – Construction and reconfiguration of yards	– Construction / extension of sidings – CTC implementation (signaling) – Others
GROWTH	$ 373.1	– Locomotives – Monterrey Yard 1 – Piedras Negras Yard	– Intermodal ramps 2 – Others
STRATEGIC	$ 1,759.3	– Celaya bypass 3 – Monterrey bypass 4 – Chihuahua-Ojinaga corridor 5 – Land Acquisition	
	$ 9,049.9 *		

* Due to the new service master plan aligned with "PSR", we have a possible reduction in Capex of $1,131 Million MXN.

Outlook

2019

Financial Outlook – 2019	
Volume Growth	4% – 6%
Revenue Growth	9% – 12%
Operating Ratio	150 – 200 BP
Capital Expenditures	$406 Million USD >15.5% of revenue through 2019

Outlook 2019		
Outlook	**Market**	**Drivers**
Double Digit Growth	Energy	**Coal & Fuels:** Increase in imports of fuels and coal **Crude oil:** Increase in movements which have started in 3Q18
	Automotive	Higher volume of export vehicles from the assembly plants
	Metals	Growth in supplies for the automotive and beer industry
	Industrial Products	Increase in exports via Borders and Ports
	Intermodal	**Cross Border:** Growth driven by Automotive Industry and truck to rail conversion **Domestic USA:** Continued benefits from tight truck capacity and high FEC service performance **Domestic MX:** Increase in market share from ports
Single Digit Growth	Chemicals	Increase in imports of plastic resins and fertilizers
	Minerals	Decrease in the frac sand movements due to change of origin of the product in Texas. Iron ore and copper concentrates continue to grow
	Agricultural	**Basic Grain:** Steady growth of shuttle trains with grain imports
	Cement	We keep working on changing from over the road to Rail