



4Q 2019 Results

February 25, 2020

2019 Highlights



- **EBITDA Increase**
 - ✓ EBITDA increased 8.2% during 2019, reaching MXN\$ 21,117 million.
- **Operating Metrics**
 - ✓ Solid improvement & stability in main operating metrics.
 - ✓ Train speed improved 7.2% in 2019.
 - ✓ Crew starts were down 9.3% in 2019.
- **External Challenges that impacted Volume:**
 - ✓ 16 days of blockades in Manzanillo.
 - ✓ PSR implementation in US Carriers affected FEC volumes.
 - ✓ Decreasing international coal prices affected volume in the energy segment.
- **Financial Challenges during the Year:**
 - ✓ Increase in income tax.
 - ✓ Recognition of a loss by our affiliate, Ferrocarril Terminal del Valle de México, S.A. de C.V.
 - ✓ One-time costs associated with fleet contracts and labor reductions.
- **Reduced financing costs:**
 - ✓ Cost of capital reduction by replacing two banking institutions loans with stock certificates.
 - ✓ P\$7.80 billion in two tranches, a fixed 10-year certificate with an 8.17% yield and a 4-year floating certificate with a 8.34% yield. Over-subscription of 2.2x with 65 positions from a diversified investor base.
- **Investments**
 - ✓ Approved a record Investment Program of US\$466 million for 2020.

Financial Highlights

Million MXN

- Volume & Revenue:

- ✓ Revenue decreased 0.4%

- ✓ Net Ton-Km down 0.7%

- EBITDA:

- ✓ P\$5,373 million (up 6.0%)

- Net Income:

- ✓ Decreased 13.7%

- Earning per Share (EPS):

- ✓ Increased 1.7%

- Current Dividend Yield: 4.39%

	4Q 2019	2019
Revenue	\$12,081 (0.4%)	\$47,633 4.9%
Operating Profit	\$3,683 10.5%	\$13,635 9.7%
EBITDA	\$5,373 6.0%	\$21,117 8.2%
Net Income	\$1,718 1.7%	\$6,038 (13.7%)
EPS	\$0.4190	\$1.4725
Dividend Yield	4.39%	

Revenue

Million MXN

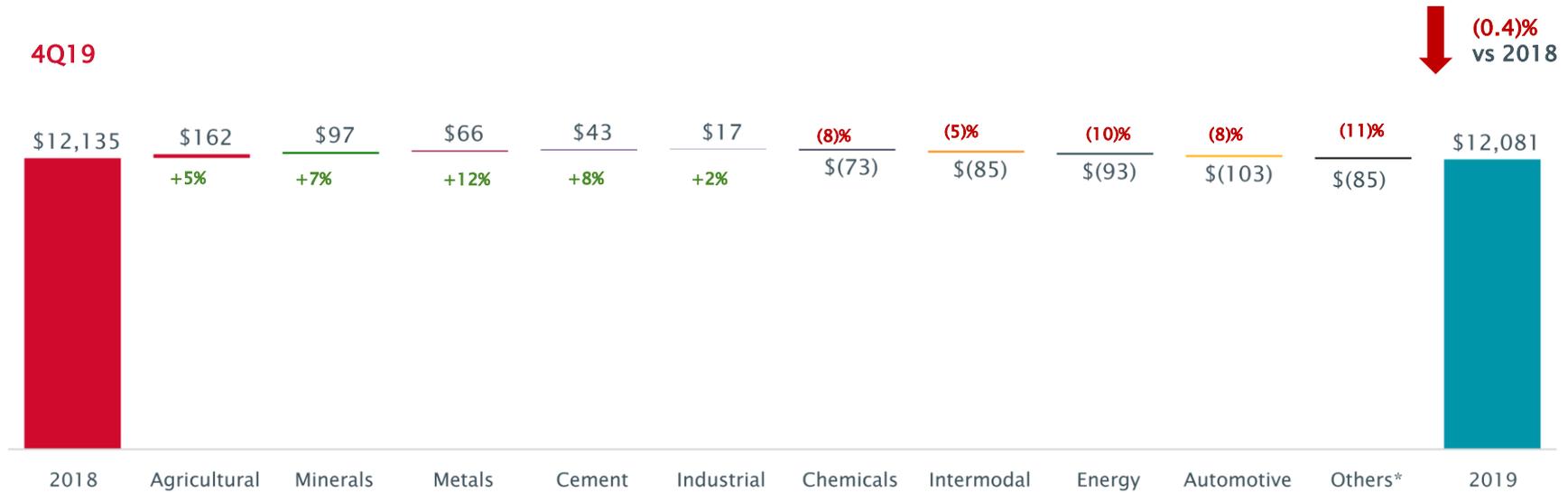
4Q 2019

Revenue (Million MXN)	
\$ 12,081	
-0.40%	
Volume	
(Carloads)	NTK
468,727	16,427
-5.1%	-0.07%
\$ / Carload (Thousand MXN)	
\$ 26	
4.9%	
\$ / NTK (Cents MXN)	
\$ 0.74	
0.3%	



Revenue, Carloads, and NTK 4Q19

Million MXN



NTK 4Q



Carloads 4Q



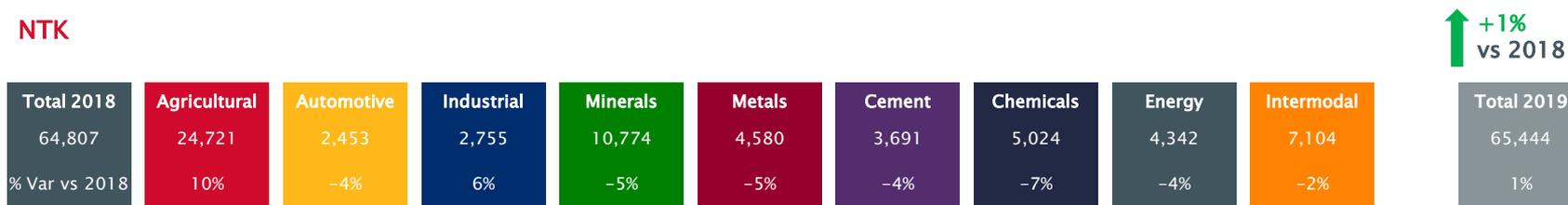
Revenue, Carloads, and NTK 2019

Million MXN

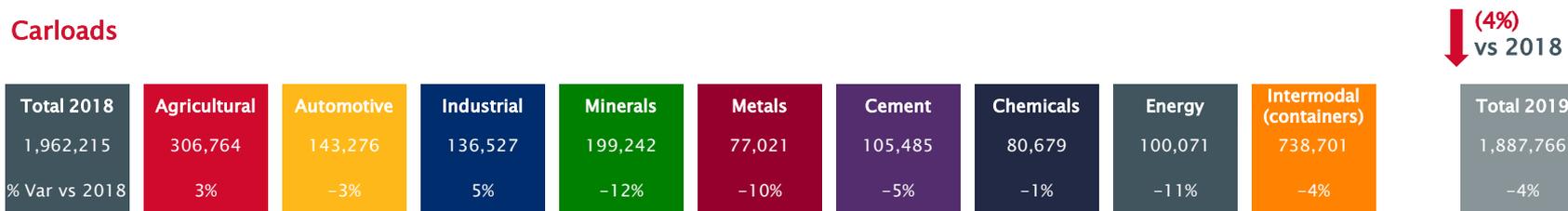
2019



NTK



Carloads



Main Variations

Revenue 4Q 2019

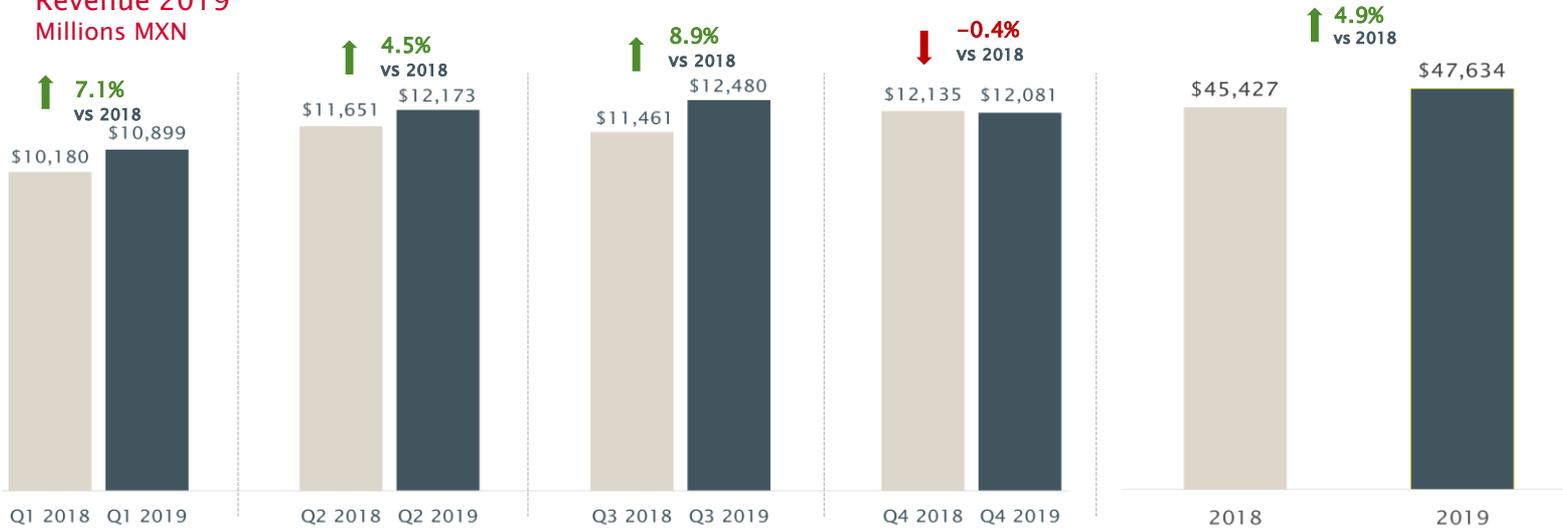
▲ % Revenue Growth

Growth	% of Mix	4Q Δ	
High	11%	12%	Metals: Reactivated import route, increase on scrap metal volumes and new metal structures exports.
Medium	44%	8%	Cement: New movements from truck to rail conversion.
		7%	Minerals: Recovered and increased iron ore volume and export routes of copper ore.
		5%	Agricultural: Increased imports into Mexico in addition to a volume increase from local crops.
		2%	Industrial: Higher exports of finished goods to the US and new volumes.
Fall	44%	-5%	Intermodal: Reductions on US domestic intermodal volume, partially offset by new conversion in US local business.
		-8%	Chemicals: Lower plastic resins volumen due to low ethane supply and plant maintenance.
		-8%	Automotive: Volume slowdown due to various plants retooling for conversion to SUV production.
		-10%	Energy: The government's strategy against fuel theft shifted supply logistics to Valle de México to origins outside our network. This has been partially offset by substitute origins inside the network that we continue to work on, but the balance remains negative.

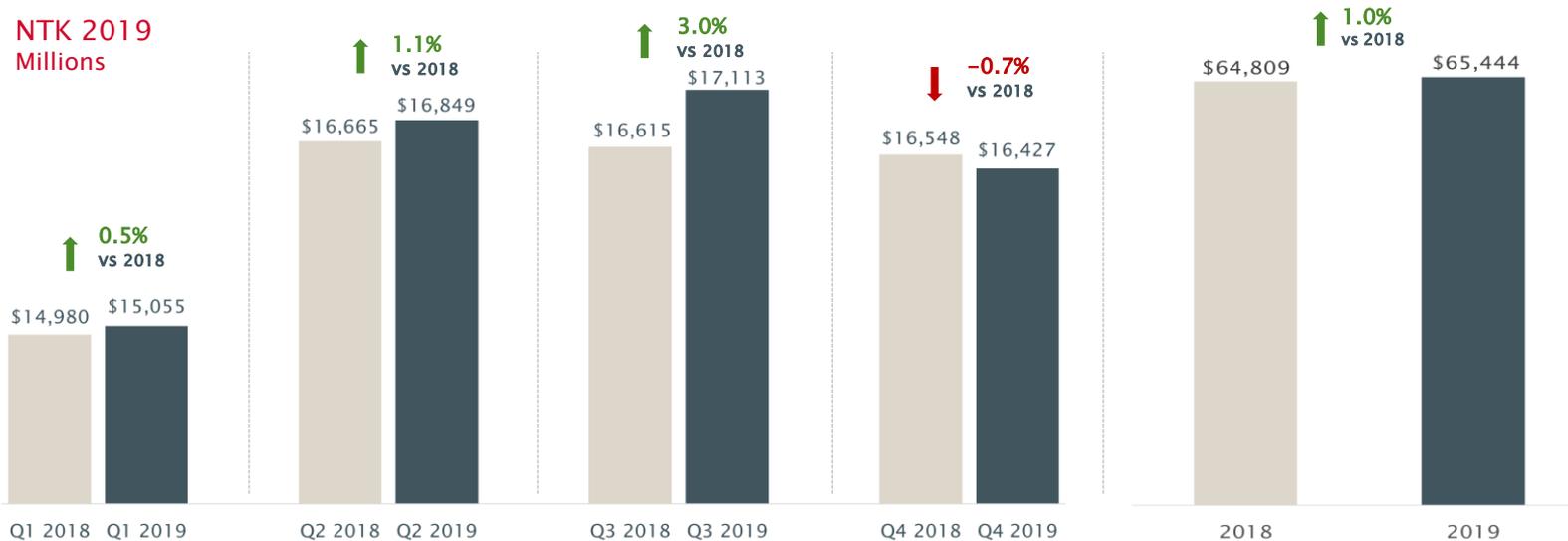
Quarter Comparison

- We lost some routes due to external factors, not losing them would have represented 4.6% increase in NTK for the year's traffic.

Revenue 2019 Millions MXN



NTK 2019 Millions



Financial Breakdown

4Q 2019 vs 4Q 2018

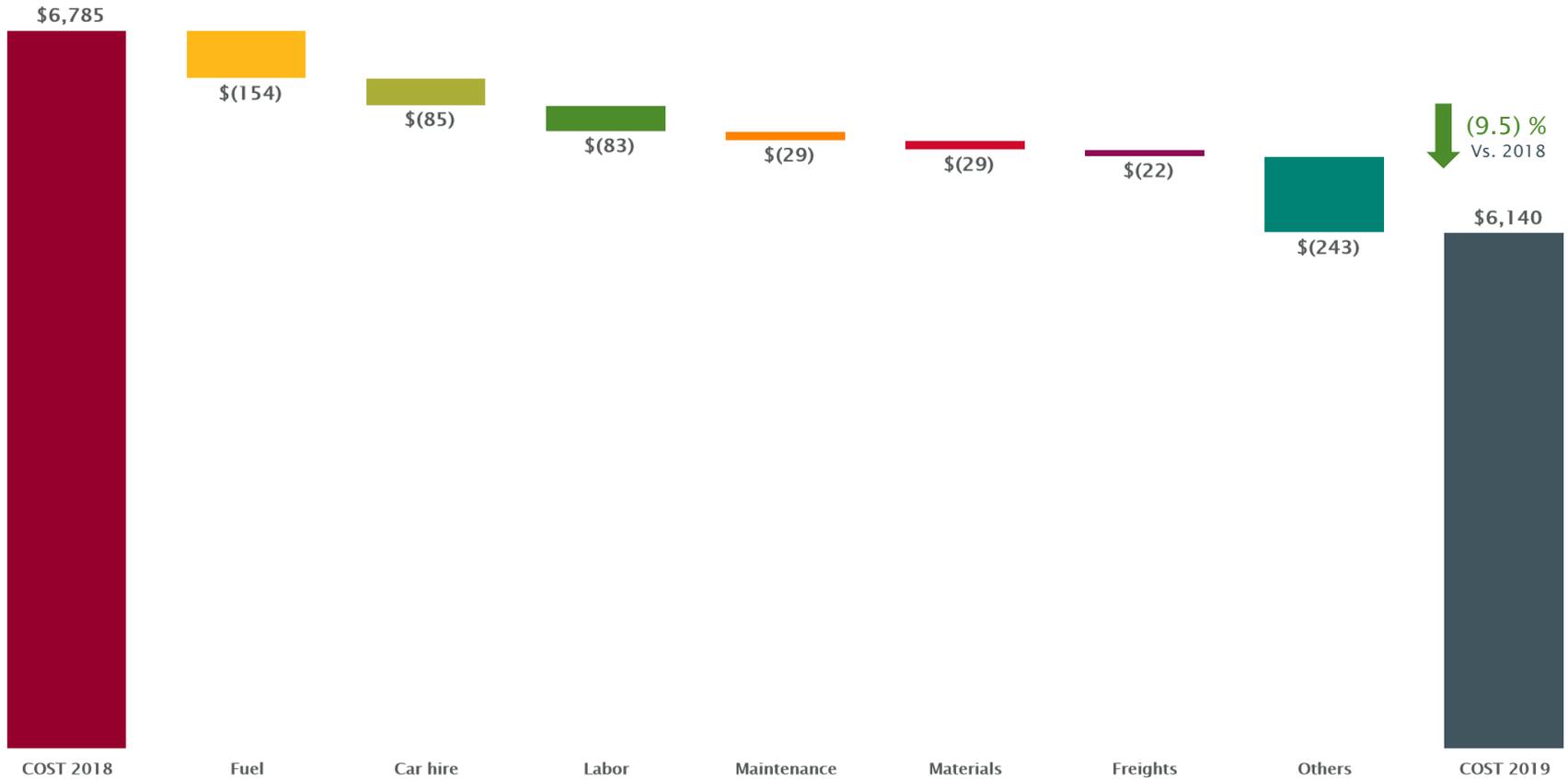
Million MXN

Cumulative YTD				
Concept	GMXT		Variation	
	2019	2018	\$	%
Revenues	\$ 47,633	\$ 45,425	\$ 2,208	4.9%
Operating cost	24,750	25,283	(533)	(2.1)%
Administrative expenses	2,848	2,842	6	0.2%
Other (income) expense	(320)	(153)	(167)	109.2%
Total operating cost	\$ 27,278	\$ 27,972	\$ (694)	(2.5)%
Adjustments	762	2,071	(1,309)	(63.2)%
EBITDA	\$ 21,117	\$ 19,524	\$ 1,593	8.2%
EBITDA margin	44.3%	43.0%		

4 th Quarter				
Concept	GMXT		Variation	
	4Q2019	4Q2018	\$	%
Revenues	\$ 12,081	\$ 12,135	\$ (54)	(0.4)%
Operating cost	6,140	6,785	(645)	(9.5)%
Administrative expenses	799	773	26	3.4%
Other (income) expense	(231)	(48)	(183)	381.3%
Total operating cost	\$ 6,708	\$ 7,510	\$ (802)	(10.7)%
Adjustments	-	443	(443)	(100.0)%
EBITDA	\$ 5,373	\$ 5,068	\$ 305	6.0%
EBITDA margin	44.5%	41.8%		

COST Breakdown

4Q 2019 vs 4Q 2018
Million MXN



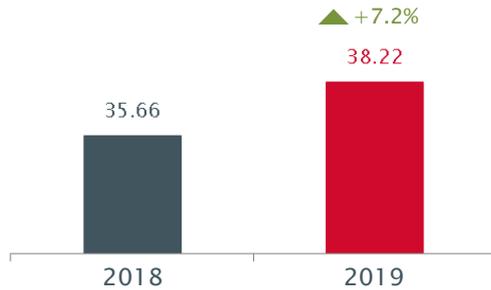
Decrease:

- **Fuel:** Decrease in volume by better efficiency
- **Car hire:** less use of cars with UP and BNSF
- **Labor:** Wages crew and overtime efficiency

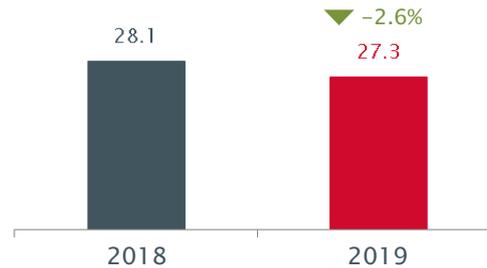
Operating Metrics

2019 vs 2018

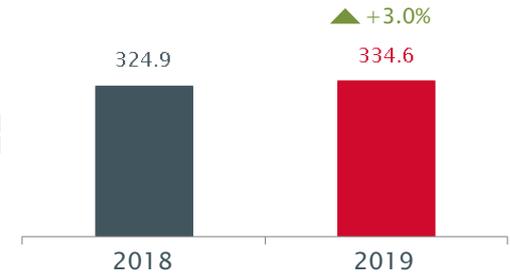
Average Train Speed
(km/hr)



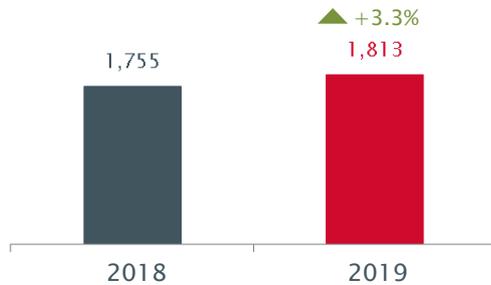
Dwell Time*
(hours)



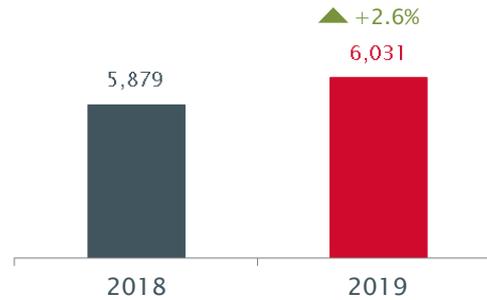
Cars Velocity*
(km/Day)



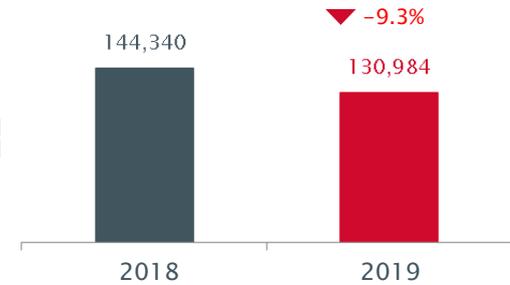
Average Train Length
(Meters)



Gross Tons per Train
(Tons)



Crew Starts
(crews)



* Only Ferromex

Productivity

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

Target savings on annual basis

- Reduce crew starts
- Fuel efficiency improvement
- Decrease system car fleet
- Reduce active locomotive fleet



- MX \$1,500 – \$2,000 Million
(300 – 400 bps)

CAPEX GMXT 2020

(Million MXN)

Description	CAPEX (MXN)	Main Projects
MAINTENANCE	\$ 3,831.4	<ul style="list-style-type: none"> New Rail & Ties (1) Locomotive overhaul Rail maintenance Tools and equipment Bridges Surfacing Track Equipment
EFFICIENCY	\$1,962.3	<ul style="list-style-type: none"> Construction and reconfiguration of yards Construction/extension of sidings LNG Locomotives conversion Transportation Management System Double track Construction Trip Optimizer Equipment
GROWTH	\$ 2,214.6	<ul style="list-style-type: none"> M&S Project's Intermodal Terminal (2) Bajío Shuttle Train Terminal (3) Refined Products Terminal (4) S. Florida Cold Storage Warehouse (7) Chihuahua –Ojinaga Corridor Rehabilitation
STRATEGIC	\$ 1,326.2	<ul style="list-style-type: none"> Celaya bypass (5) Monterrey bypass (6)
	\$ 9,334.5	



Outlook – 2020

Concept	2020
Volume Growth	4% – 6%
Revenue Growth	9% – 11%
Operating Ratio	200 – 300 BP
Capital Expenditures	\$ 466 Million USD

Outlook	Market	Drivers 2020
Double Digit Growth	Energy	Increase of refined products imports.
	Metals	Increase of flat steel imports and new truck to rail conversion.
	Intermodal	Market share increase due to intermodal growth strategy. Recovery of Crossborder.
	Chemicals	Fertilizers market share increase and 2 new routes for soda ash started on January.
	Minerals	Iron ore volume increase due to new mining operations. Increase on copper concentrate exports.
	Industrial	Recovery of consumer products export traffic. New grocery domestic routes.
Single Digit	Automotive	Additional volume due to plants finishing re-tooling.
	Agricultural	New shuttle train terminals coming online.
	Cement	New volume converted from trucking due to favorable change in customer logistics, certain production centers are now enhanced to distribution centers that we serve.