

Grupo México

2Q 2020 Results

July 29, 2020

2Q20 Highlights



COVID-19 Effects

- ✓ Revenues decreased (9.3%).
- ✓ Impacts included the automotive industry shut-down of 2.5 months and some other industrial production drop of 75% for 1 month.
- ✓ International Intermodal Imports from Manzanillo decreased (11%), offset by an increase in market share from 20% to 24% due to new projects.
- ✓ Despite lower volume in the second quarter, GMXT continues to improve operating metrics.
- ✓ One-time administrative expense includes MXN\$ 291.9 million of pandemic crisis support for hospitals and impacted communities and MXN\$ 95.5 million operating costs for salaries of vulnerable personnel isolated from work.

Financial Highlights 2Q20 vs 2Q19

- ✓ EBITDA decreased 20% to MXN\$4,474 million. Excluding one-time COVID-19 costs it would have decreased 13%.
- ✓ Operating costs decreased 9.9%.
- ✓ The Board has approved a MXN\$30cts/share dividend.
- ✓ 25.5 million shares were repurchased at a price of MXN\$ 22.47 per share.

Donations and COVID-19 Costs

OBJECTIVES

1. Increase hospital COVID capacity in the states where we operate:
 - 950 additional COVID beds across the country.
 - Equipment for 3 hospitals in México City, Monterrey and Guadalajara.
2. Contain infections amongst healthcare workers.
3. Help vulnerable communities through food supplies.

DONATIONS

Due to the Covid19 pandemic, GMXT decided to support **hospitals and many vulnerable communities with MXN\$291.9 million** to primarily donate:

- 1) Ventilators and medical equipment
- 2) Medical kits
- 3) Food
- 4) Donation to the “Ponte la Verde” initiative, an incubator of social projects aimed at young entrepreneurs.

INCREMENTAL OPERATING COSTS

As of June 30th, 2020, the company incurred **MXN\$95.5 million** in wages for vulnerable personnel.



Donations to more than 200 hospitals in 21 states



88 Ventilators for respiratory support



25,000 litres of hand sanitizer



350 Non-invasive Ventilators



25,000 Food parcels



357,000 Personal Protection Equipment



27,000 ready-made meals



30,000 Medical supplies



Donation of special equipment to convert four hospitals in México City, Monterrey and Guadalajara to Covid-19 treatment centers.



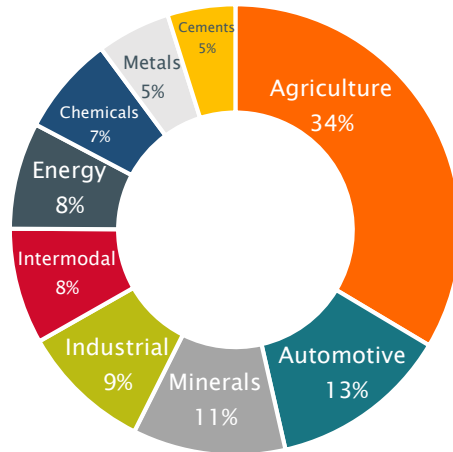
Hospital equipment

- 100 monitors
- 48 beds
- 52 "resuscitation cars"

Revenue 2Q20

Million MXN

Revenue Mix



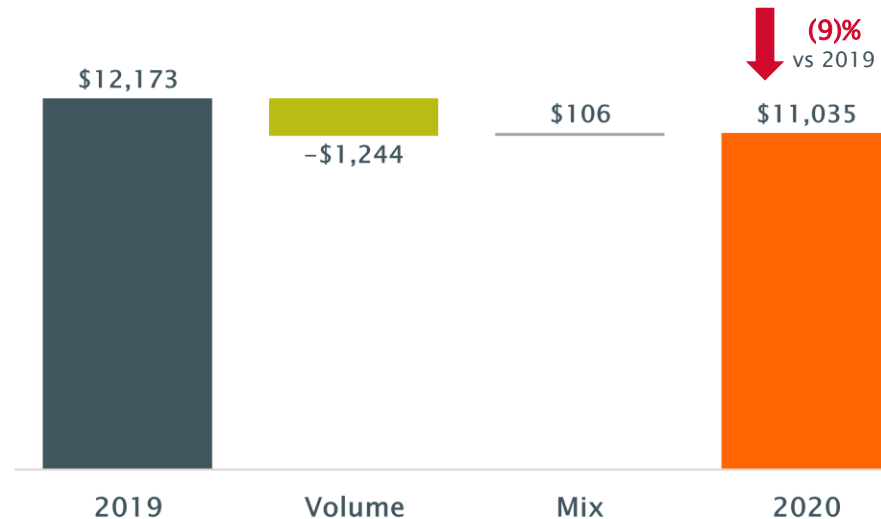
2Q20

Revenue
(Million MXN)
\$11,035
-9%

Volume
(Carloads) NTK
391,778 15,127
-19% -10%

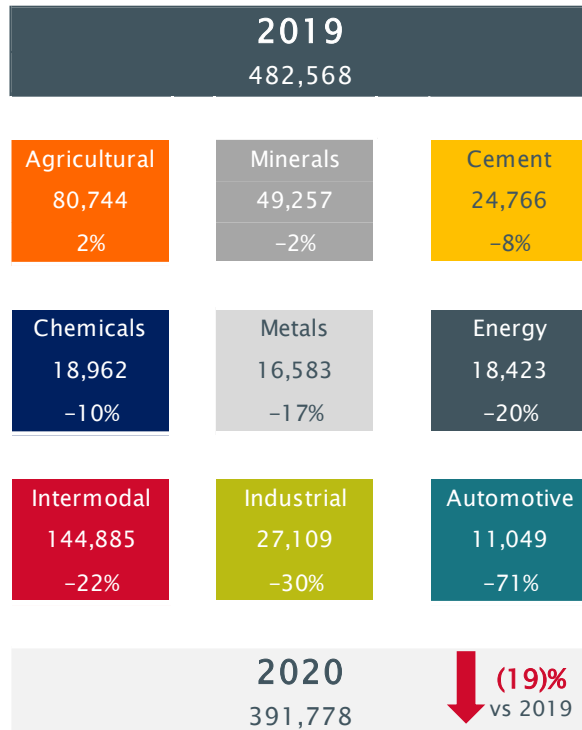
\$ / Carload
(Thousand MXN)
\$28
12%

\$ / NTK
(MXN)
\$0.73
1%

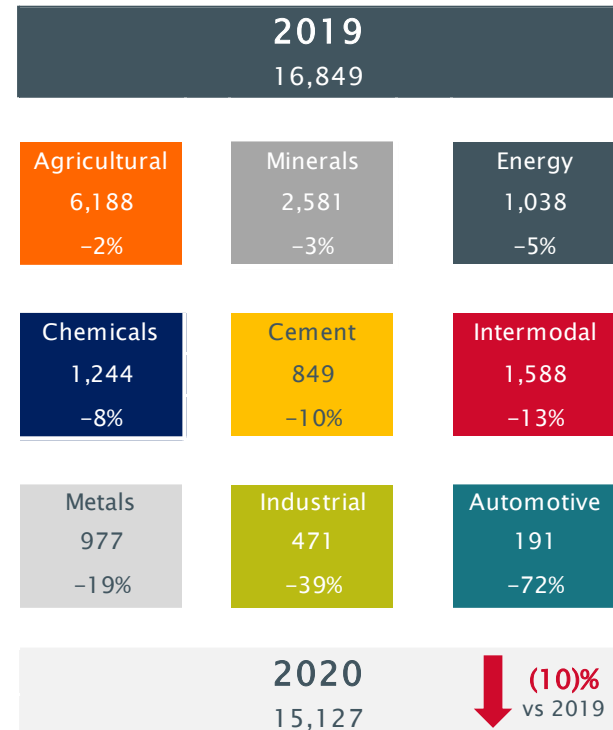


Volume 2Q 2020

Carloads



Net Ton KM (NTK)



Main Variations

Revenue 2Q20

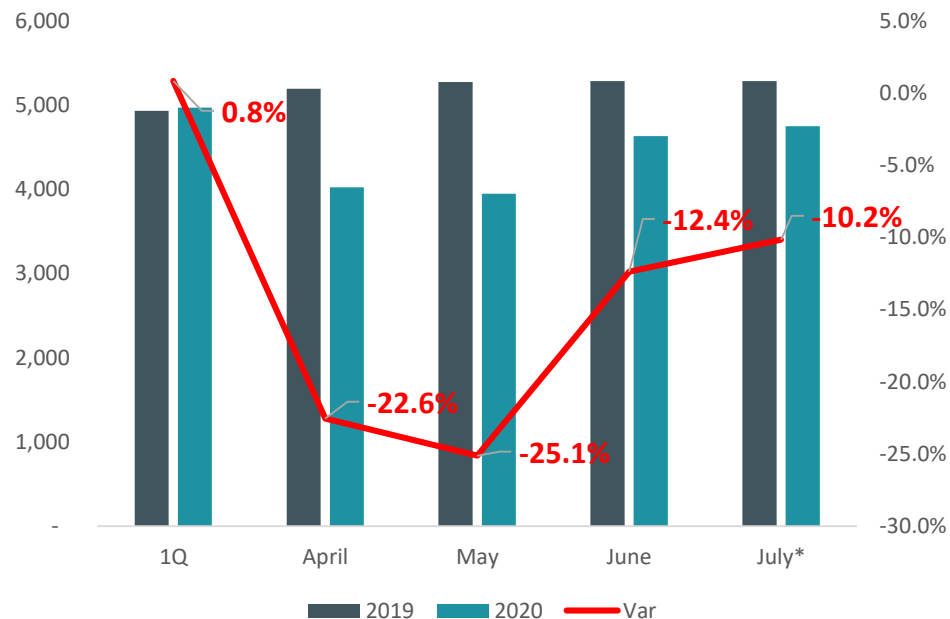
▲ % Revenue Growth

High Growth	22%	12%	Energy: Volume increase and new routes for imported refined products offset the decrease caused a lower demand due to current COVID-19 market conditions.
		11%	Agricultural: Market share growth in local crops (Northwest) and ports. Volume increase of sugar and molasses in Florida due to truck to rail conversion.
Medium Growth	33%	6%	Minerals: An increase in copper concentrate and iron ore traffics was partially offset by a slowdown in glass bottle and steel production.
		5%	Chemicals: Started new routes with key customers and fertilizers market share increased from truck to rail volume conversion. Covid-19 had a positive impact on some chemical products' demand.
Negative	67%	-11%	Cement: Volume decrease driven by COVID-19 Pandemic measures and FIT's closed routes for maintenance.
		-13%	Metals: Volume decrease driven by COVID-19 Pandemic measures.
		-18%	Industrial: Beer industry shutdown due to COVID-19 Pandemic measures and decrease on some exports.
		-18%	Intermodal: Blank sailings from Asian ports and the temporary shutdown of the automotive industry affected the International Service and the Cross-Border volume respectively.
		-74%	Automotive: Automotive industry complete shutdown during April, May and half of June due to COVID-19 Pandemic measures

Carloads daily average

GMXT YTD 2020

GMXT	2019	2020	Var
1Q	4,930	4,971	0.8%
April	5,194	4,023	-22.6%
May	5,274	3,949	-25.1%
June	5,285	4,631	-12.4%
July*	5,285	4,748	-10.2%



Segment	1Q	April	May	Jun	July
Intermodal	1,900	1,377	1,487	1,716	1,796
Agricultural	796	873	880	883	852
Minerals	565	561	517	536	497
Automotive	379	23	20	320	392
Industrial	341	285	249	324	337
Cement	300	259	263	292	287
Chemicals	241	223	195	207	216
Energy	228	220	181	204	207
Metals	221	202	157	149	164
Total	4,971	4,023	3,949	4,631	4,748

Affected segments due to COVID-19 are showing positive signs of recovery.

* Public numbers from AAR (Weekly Carload Report).

Financial Highlights

Million MXN

- **Volume & Revenue:**
 - ✓ Revenue decreased 9.3%
 - ✓ Net Ton-Km down 10 %

- **EBITDA:**
 - ✓ P\$4,474 million down 20.0%

- **Net Income:**
 - ✓ Decreased 30.4%

- **Earning per Share (EPS):**
 - ✓ Decreased 30.4%

	2Q 2020	Cumulative 2020
Revenue	\$11,035 (9.3)%	\$23,065 (0.0)%
Operating Profit	\$2,672 (27.4)%	\$6,490 3.8%
EBITDA	\$4,474 (20.0)%	\$10,051 (3.0)%
Net Income	\$1,087 (30.4)%	\$3,008 3.1%
EPS	\$0.2651 (30.4)%	\$0.7336 3.1%

Financial Breakdown

2Q20 vs 2Q19

Million MXN

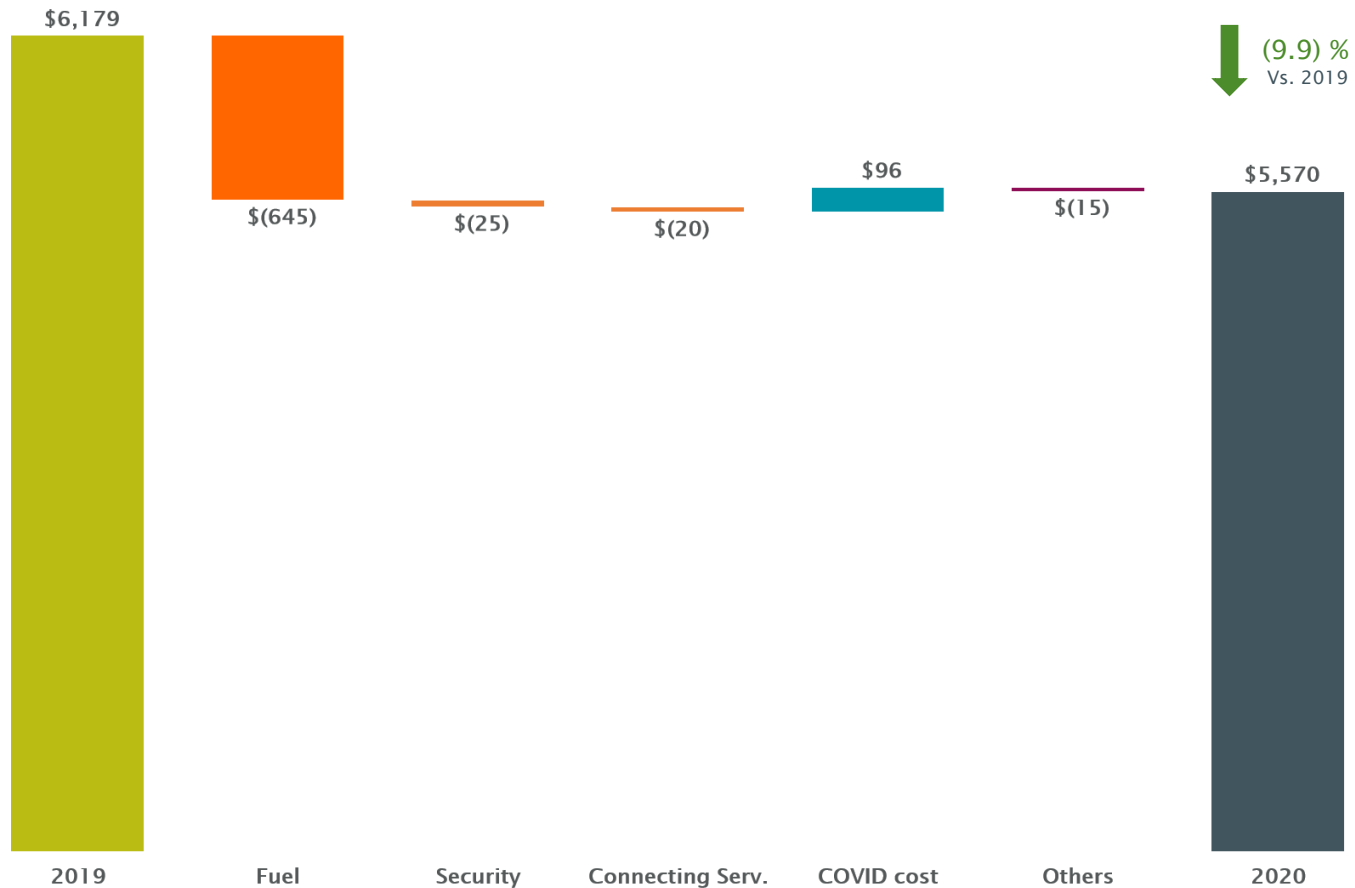
Cumulative YTD				
Concept	GMXT		Variation	
	2020	2019	\$	%
Revenues	\$ 23,065	\$ 23,072	\$ (7)	(0.0)%
Operating cost	11,382	12,197	(815)	(6.7)%
Administrative expenses	1,693	1,337	356	26.6%
Other (income) expense	(61)	(60)	(1)	1.7%
Total operating cost	\$ 13,014	\$ 13,474	\$ (460)	(3.4)%
Adjustments	-	762	(762)	(100.0)%
EBITDA	\$ 10,051	\$ 10,360	\$ (309)	(3.0)%
EBITDA margin	43.6%	44.9%	- 130 Bps	
EBITDA Excluding COVID*	\$ 10,442	\$ 10,360	\$ 82	0.8%
EBITDA margin	45.3%	44.9%	+ 40 Bps	

2 nd Quarter				
Concept	GMXT		Variation	
	2Q 20	2Q 19	\$	%
Revenues	\$ 11,035	\$ 12,173	\$ (1,138)	(9.3)%
Operating cost	5,570	6,179	(609)	(9.9)%
Administrative expenses	999	651	348	53.5%
Other (income) expense	(8)	(24)	16	(66.7)%
Total operating cost	\$ 6,561	\$ 6,806	\$ (245)	(3.6)%
Adjustments	-	225	(225)	(100.0)%
EBITDA	\$ 4,474	\$ 5,592	\$ (1,118)	(20.0)%
EBITDA margin	40.5%	45.9%	- 540 Bps	
EBITDA Excluding COVID*	\$ 4,865	\$ 5,592	\$ (727)	(13.0)%
EBITDA margin	44.1%	45.9%	- 180 Bps	

* There was a one-time impact of \$291.9 in administrative cost for donations to support hospitals and vulnerable communities, and \$95.5 million in operating cost for wages paid to vulnerable personnel.

Cost Breakdown

2Q20 vs 2Q19
Million MXN



Decrease:

- **Fuel:** Efficiency in volume and price.
- **Security:** Better results on theft and vandalism.

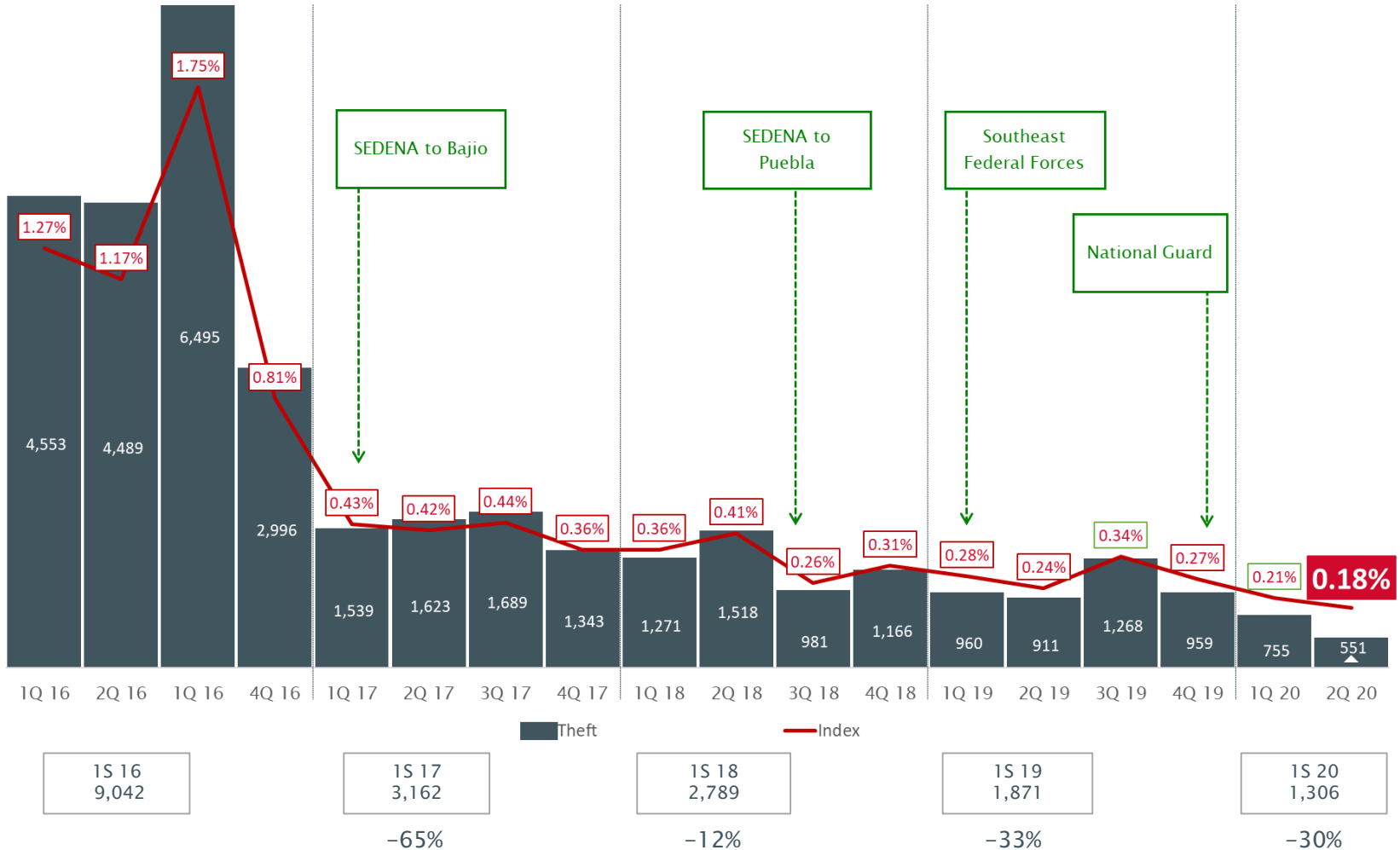
Increase:

- **COVID-19** cost, for salaries paid to vulnerable personnel and material and supplies for the use of employees.

Theft & Vandalism

(Broken Seals / Carloads)

- All time record on reliability: 99.72%



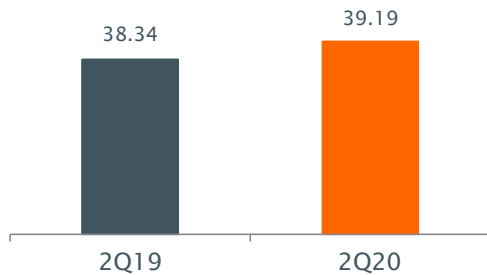
Operating Metrics

2Q20 vs 2Q19

Average Train Speed
(Km/hr)



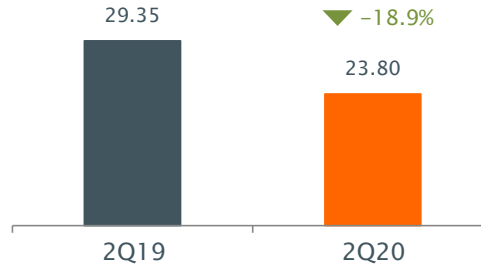
▲ +2.2%



Dwell Time
(Hours)



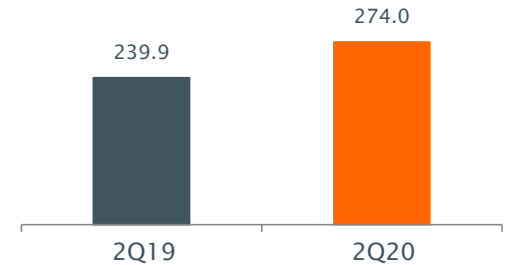
▼ -18.9%



Cars Velocity*
(Km/day)



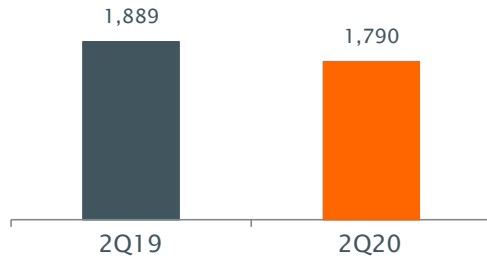
▲ +14.2%



Average Train Length
(Meters)



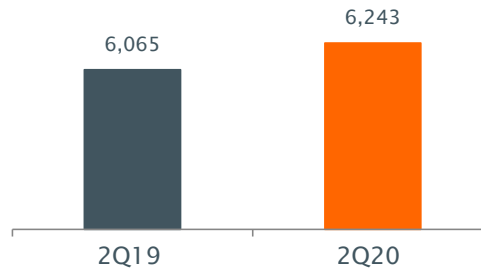
▼ -5.3%



Gross Tons per Train
(Tons)



▲ +2.9%

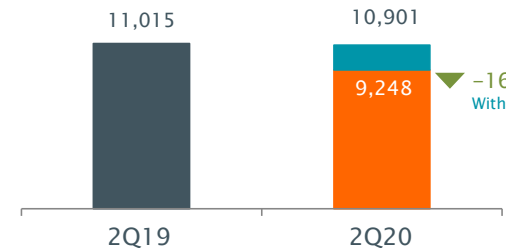


Crew Starts
(Average month)



▼ -1.0%

▼ -16.0%
Without COVID



* FXE + FSRR

Productivity

(Precision Scheduled Railroad)

GMXT Focus



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

Results to date

As of today 141 locomotives in storage, representing an increase of 78.4% vs First Half 1S19

We have improved our car utilization, GMXT has more than 5,000 rail cars in storage and being returned

By equalizing horsepower per trailing ton, we have been able to improve our diesel efficiency vs last year

Gross tons per train improved 2.9% and our crew starts declined by 16.0%

Targeted savings on annual basis

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

CAPEX 2020

(Million USD)

- Our Capex for 2020 has been adjusted to **\$372 MUSD**, of which \$109 MUSD have been spent and \$80 MUSD have been committed

Description	CAPEX	Main Projects
MAINTENANCE	\$ 179.9	<ul style="list-style-type: none"> New Rail & Ties (1) Locomotive overhaul Rail maintenance Tools and equipment Bridges Surfacing Track Equipment
EFFICIENCY	\$ 75.3	<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	\$ 66.1	<ul style="list-style-type: none"> M&S Project's Intermodal Terminal (2) Bajío Shuttle Train Terminal (3) Refined Products Terminal (4) Chihuahua -Ojinaga Corridor Rehabilitation
STRATEGIC	\$ 50.3	<ul style="list-style-type: none"> Celaya bypass (5) Monterrey bypass (6)
	\$ 371.7	

