

# Grupo México

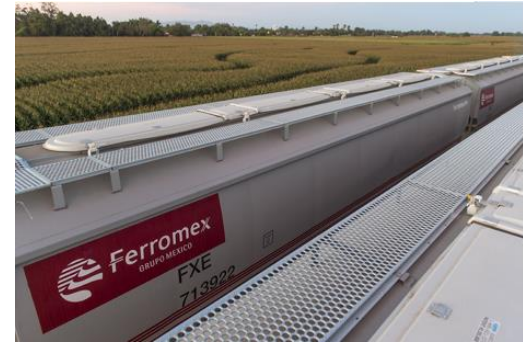
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## 3Q 2020 Results

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October 27, 2020

# 3Q20 Highlights



## COVID-19 Effects

- ✓ Revenue decreased -4.8% versus 3Q19.
- ✓ The automotive segment moved 430 loads/day, 90% of last year's volume.
- ✓ Strong recovery in carloads from a -25% decrease in 2Q vs -4% at the end of 3Q.

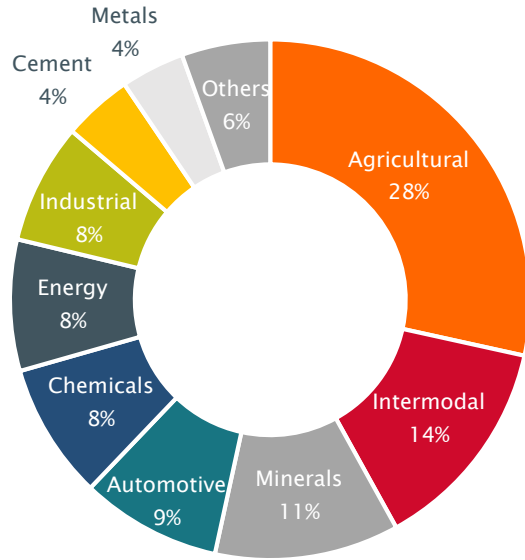
## Financial Highlights 3Q20 vs 3Q19

- ✓ EBITDA decreased 2% to MXN\$5,268 million, however the EBITDA margin increased + 120Bp. Relevant recovery in EBITDA 3Q20 vs 2Q20 +380 Bp.
- ✓ Operating costs decreased 7.3%.
- ✓ The Board has approved a MXN\$30cts/share dividend.
- ✓ During 2020, 64.70 million shares have been repurchased at an average price per share of P\$25.15.

# Revenue 3Q20

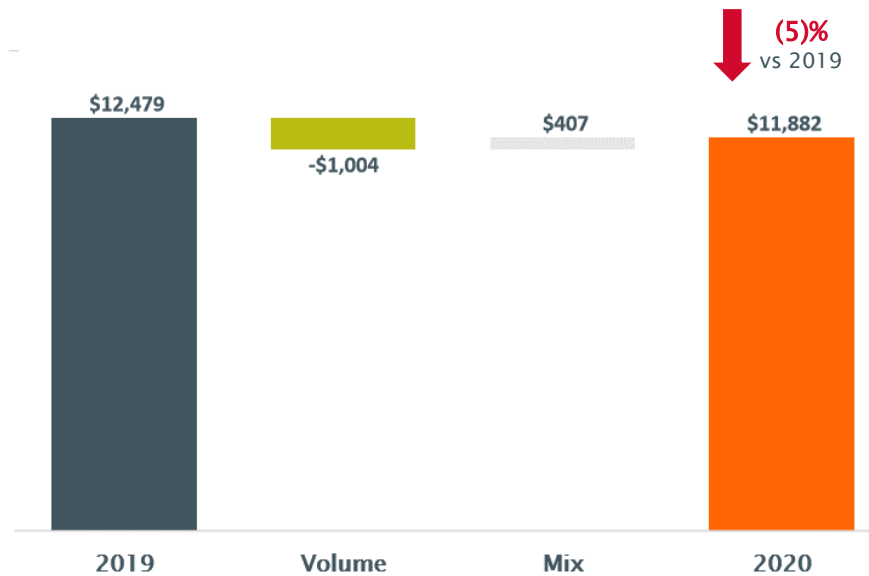
Million MXN

## Revenue Mix



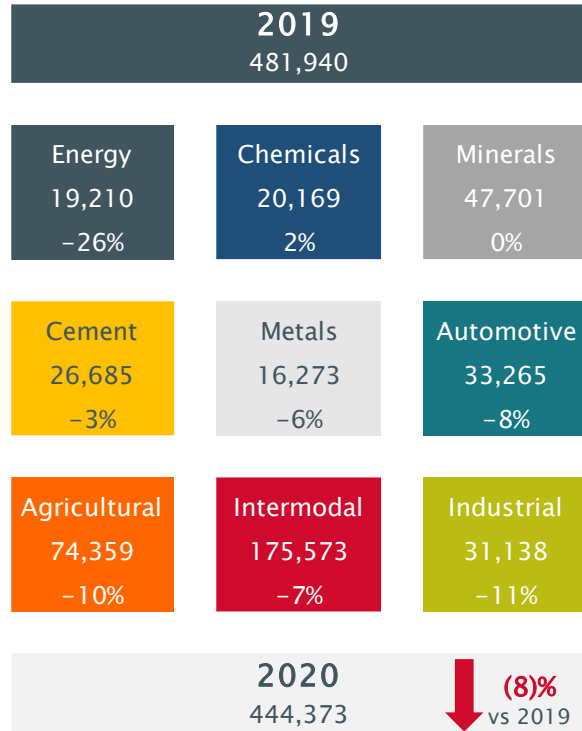
## 3Q20

Revenue (Million MXN)	\$11,882	-5%
Volume		
Carloads	444,373	-8%
NTK	15,736	-8%
\$ / Carload (Thousand MXN)	\$27	3%
\$ / NTK (MXN)	\$0.76	4%

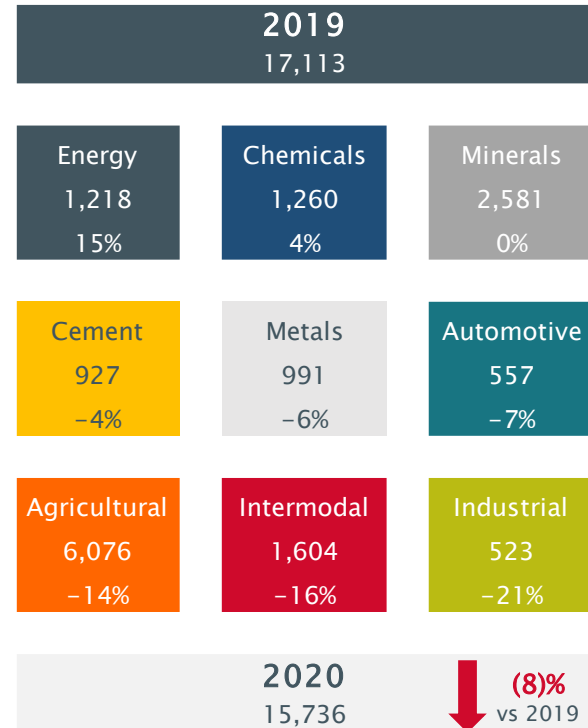


# Volume 3Q 2020

## Carloads



## Net Ton KM (NTK)



# Main Variations

Revenue 3Q20

▲ % Revenue Growth

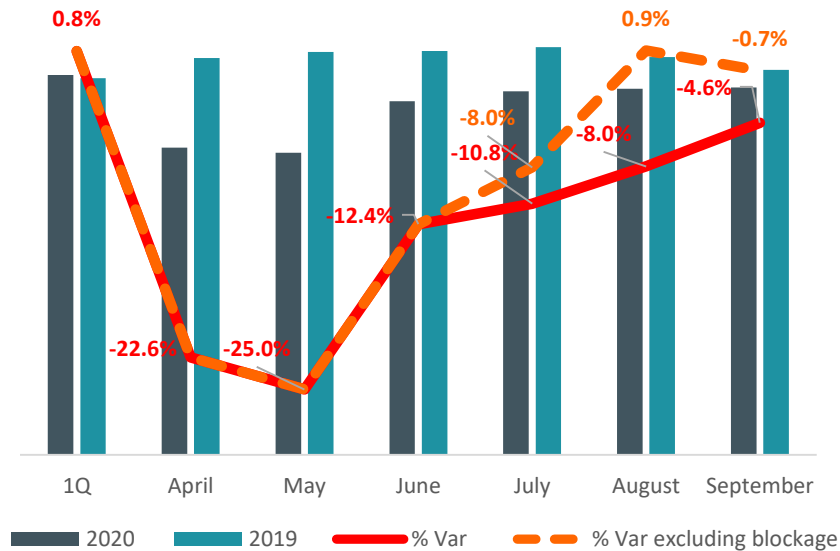
High	22%	10%	<b>Chemicals:</b> Significant growth in resins as well as basic chemicals. <b>COVID-19</b> had a positive impact on some chemical products' demand.
		6%	<b>Energy:</b> Volume increase and new routes for imported and domestic refined products more than offset <b>COVID-19</b> impact on fuels market and coal volume declines.
Medium	11%	0%	<b>Minerals:</b> The average of minerals operations were flat driven by <b>COVID-19</b> . We had a growth in metallic minerals (iron ore & copper-concentrate) and a decrease in nonmetallic minerals (silica sand & clay).
Negative	67%	-4%	<b>Agricultural:</b> Reduced inventory replenishment of canola, wheat and barley.
		-6%	<b>Industrial:</b> New railcars demand is still decreasing. Strong recovery on beer export to the US.
		-6%	<b>Intermodal:</b> Ports congestion in Asia and a 30 days blockage in Sonora affected International and domestic services, respectively.
		-10%	<b>Cement:</b> FIT Railway closed southeast routes for maintenance. Export cement demand decreased.
		-12%	<b>Metals:</b> <b>COVID-19</b> continue to impact volumes with a slow recovery of the metals industry.
		-16%	<b>Automotive:</b> Automotive industry is now at 90% of last year's volume, nevertheless, shutdown for retooling by one customer as well as an impact due to blockage impacted 3Q volume.

# Carloads Daily Average

GMXT YTD 2020

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

GMXT	2020	2019	% Var	% Var excluding blockage
1Q	4,971	4,930	0.8%	0.8%
April	4,023	5,194	-22.6%	-22.6%
May	3,955	5,274	-25.0%	-25.0%
June	4,630	5,285	-12.4%	-12.4%
July	4,759	5,336	-10.8%	-8.0%
August	4,791	5,206	-8.0%	0.9%
September	4,807	5,041	-4.6%	-0.7%



\* Public numbers from AAR (Weekly Carload Report).

# Financial Highlights

Million MXN

- Volume & Revenue:

- ✓ Revenue decreased 4.8%
- ✓ Net Ton-Km down 8.0%

- EBITDA:

- ✓ P\$5,268 million down 2.2%
- ✓ Significant post Covid-19 recovery from a 20% decrease during 2Q20.

- Net Income:

- ✓ Increased 8.7%

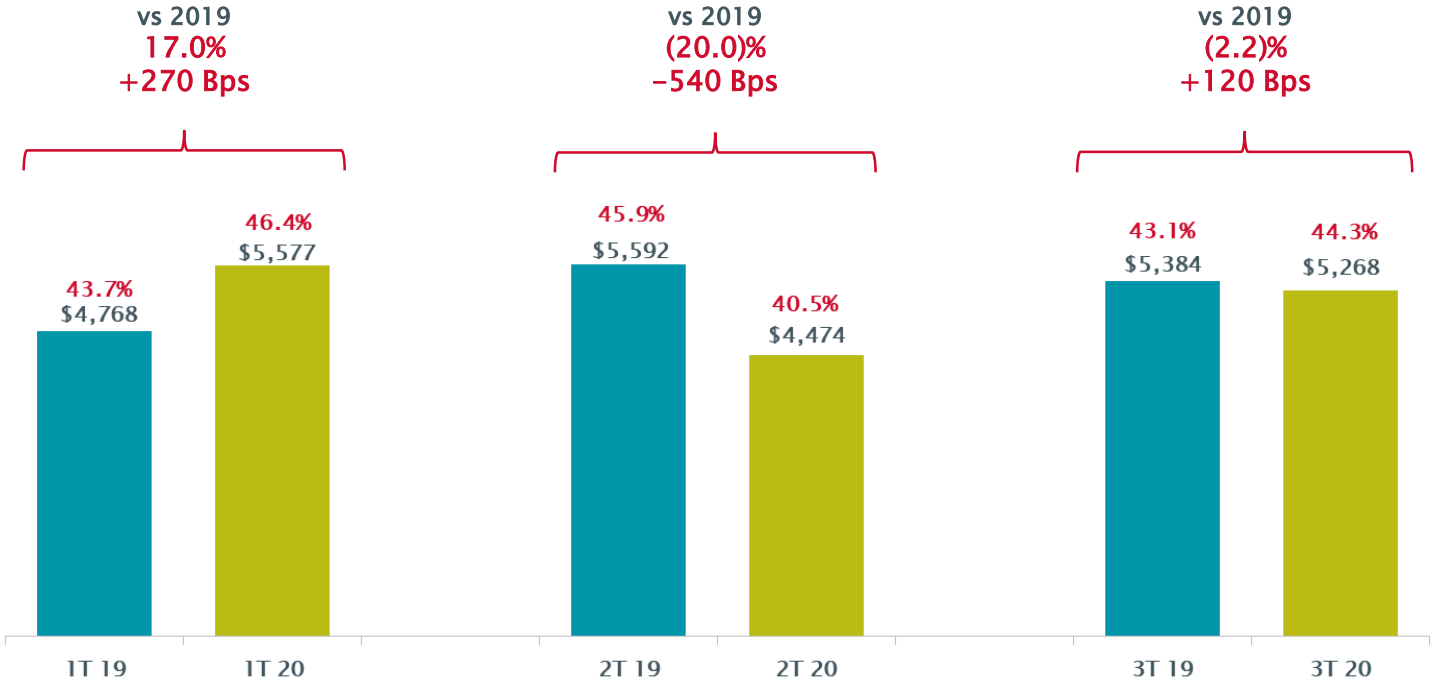
- Earning per Share (EPS):

- ✓ Increased 8.7%

	3Q 2020	Cumulative 2020
Revenue	\$11,882 (4.8)%	\$34,947 (1.7)%
Operating Profit	\$3,552 (3.9)%	\$10,042 0.9%
EBITDA	\$5,268 (2.2)%	\$15,319 (2.7)%
Net Income	\$1,523 8.7%	\$4,531 4.9%
EPS	\$0.3714	\$1.1050

# EBITDA Recovery

Million MXN





# Financial Breakdown

3Q20 vs 3Q19  
Million MXN

## Cumulative YTD

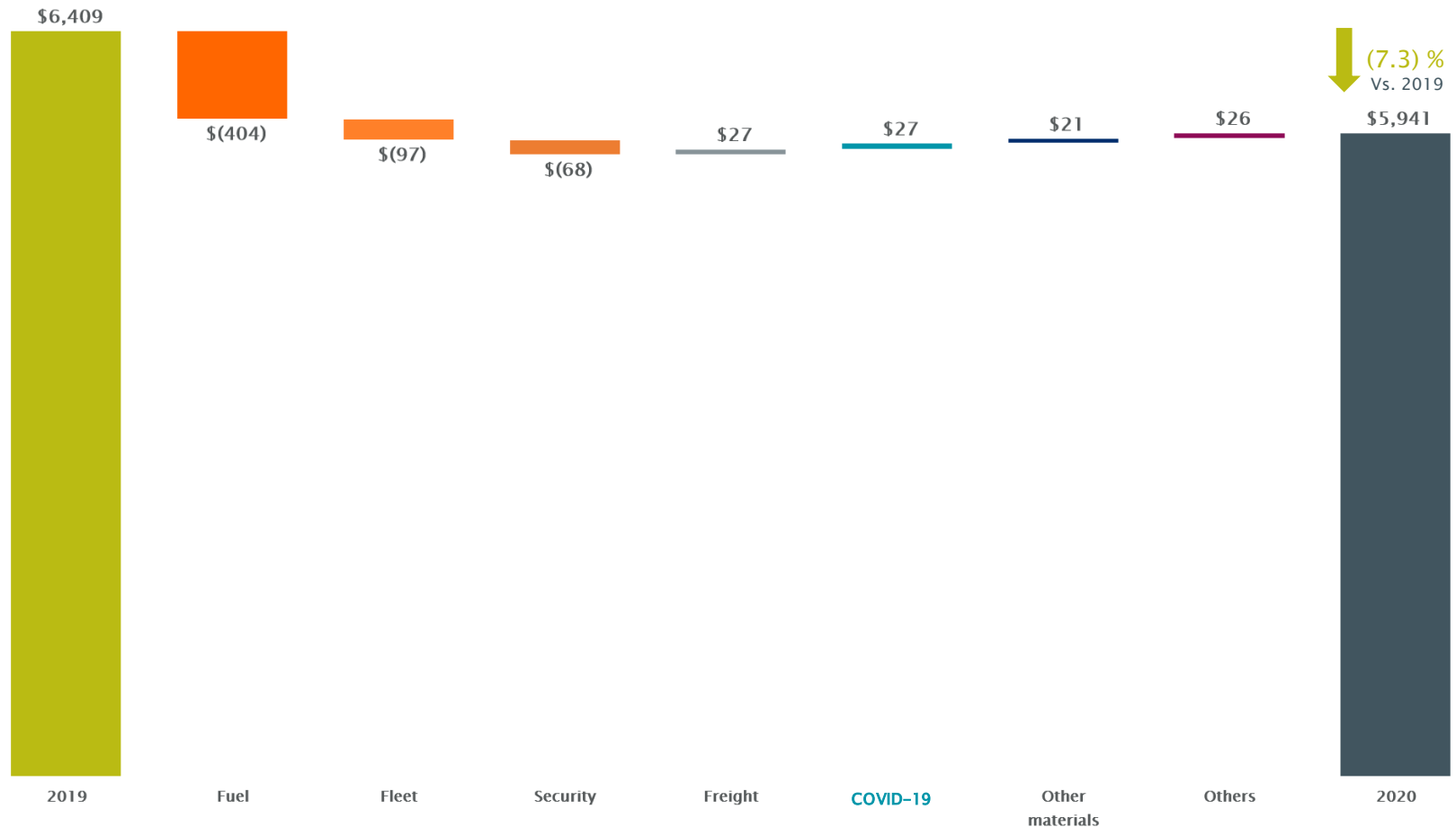
Concept	GMXT		Variation	
	2020	2019	\$	%
<b>Revenues</b>	\$ 34,947	\$ 35,552	\$ (605)	(1.7)%
Operating cost	17,323	18,606	(1,283)	(6.9)%
Administrative expenses	2,449	2,053	396	19.3%
Other (income) expense	(144)	(89)	(55)	61.8%
<b>Total operating cost</b>	<b>\$ 19,628</b>	<b>\$ 20,570</b>	<b>\$ (942)</b>	<b>(4.6)%</b>
Adjustments	-	762	(762)	(100.0)%
<b>EBITDA</b>	<b>\$ 15,319</b>	<b>\$ 15,744</b>	<b>\$ (425)</b>	<b>(2.7)%</b>
EBITDA margin	<b>43.8%</b>	<b>44.3%</b>	<b>- 50 Bps</b>	
<b>EBITDA Excluding COVID*</b>	<b>\$ 15,769</b>	<b>\$ 15,744</b>	<b>\$ 25</b>	<b>0.2%</b>
EBITDA margin	<b>45.1%</b>	<b>44.3%</b>	<b>+ 80 Bps</b>	

## 3rd Quarter

Concept	GMXT		Variation	
	3Q 20	3Q 19	\$	%
<b>Revenues</b>	\$ 11,882	\$ 12,480	\$ (598)	(4.8)%
Operating cost	5,941	6,409	(468)	(7.3)%
Administrative expenses	756	716	40	5.6%
Other (income) expense	(83)	(29)	(54)	186.2%
<b>Total operating cost</b>	<b>\$ 6,614</b>	<b>\$ 7,096</b>	<b>\$ (482)</b>	<b>(6.8)%</b>
Adjustments	-	-	-	0.0%
<b>EBITDA</b>	<b>\$ 5,268</b>	<b>\$ 5,384</b>	<b>\$ (116)</b>	<b>(2.2)%</b>
EBITDA margin	<b>44.3%</b>	<b>43.1%</b>	<b>+ 120 Bps</b>	
<b>EBITDA Excluding COVID*</b>	<b>\$ 5,317</b>	<b>\$ 5,384</b>	<b>\$ (67)</b>	<b>(1.2)%</b>
EBITDA margin	<b>44.7%</b>	<b>43.1%</b>	<b>+ 160 Bps</b>	

# Cost Breakdown

3Q20 vs 3Q19  
Million MXN



**Decrease:**

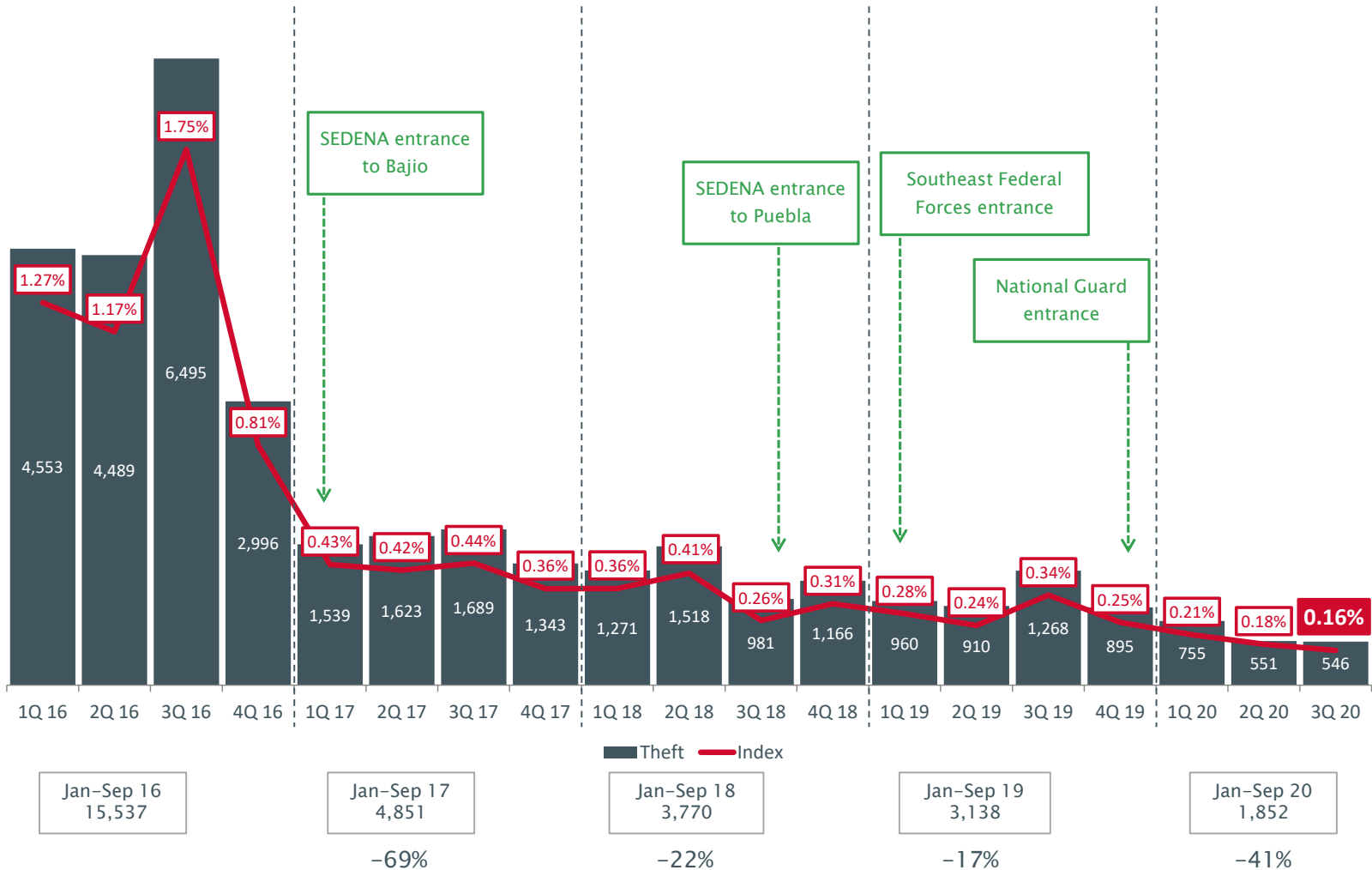
- **Fuel:** Efficiency in volume and price
- **Fleet:** Operating efficiency

**Increase:**

- **COVID-19** cost, mainly salaries paid to vulnerable personnel, as well as material and supplies for the use of its employees. Administrative expenses equal \$22 million and costs are \$27 million which add up to \$49 million in total.
- **Freight:** Increase in last mile movements.

# Theft & Vandalism

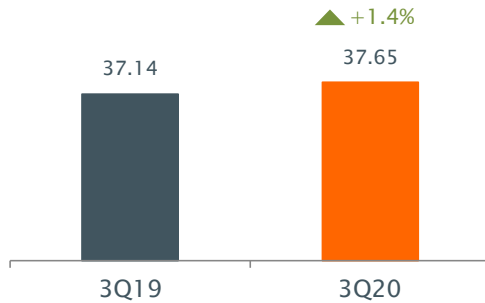
(Broken Seals / Carloads)



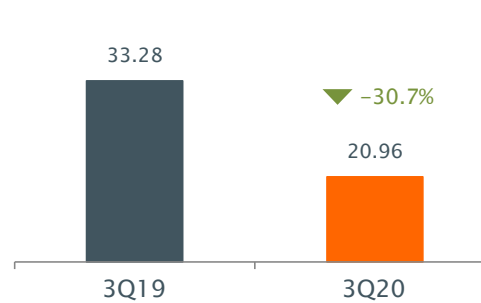
# Operating Metrics

3Q20 vs 3Q19

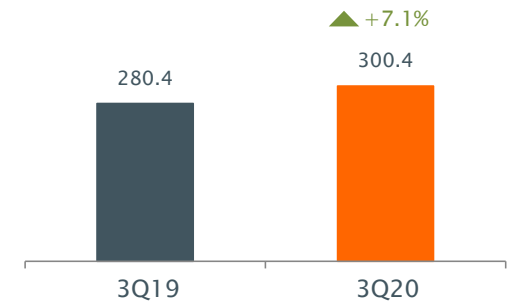
Average Train Speed  
(km/hr)



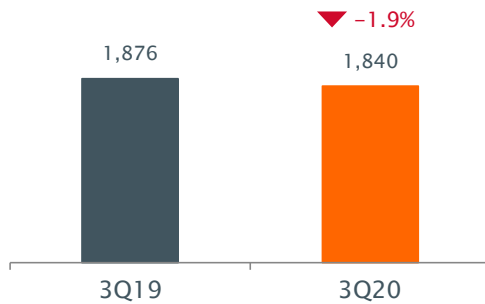
Dwell Time  
(hours)



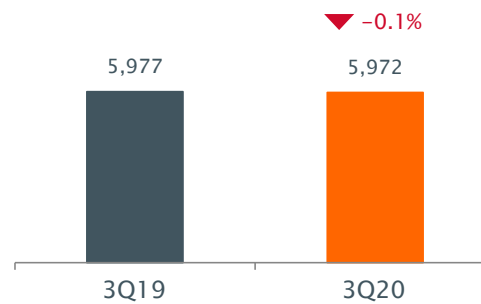
Cars Velocity  
(km/Day)



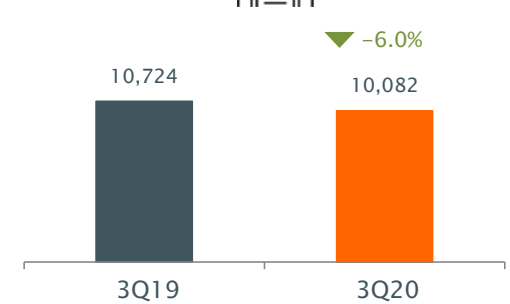
Average Train Length  
(Meters)



Gross Tons per Train  
(Tons)



Crew Starts  
(average month)



# 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 we have 151 locomotives in storage, representing an increase of 91.2% vs First Half 2019

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 1.7% and our crew starts declined by 10.8% vs 3Q19



## Targeted savings:

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

# CAPEX GMXT 2021

(Million USD)

Description	CAPEX 2021	EXECUTED 3Q 2020	Main Projects
MAINTENANCE	\$ 260.7	\$ 159.7	<ul style="list-style-type: none"> <li>New Rail &amp; Ties (1)</li> <li>Locomotive overhaul</li> <li>Rail maintenance</li> <li>Tools and equipment</li> <li>Bridges (2)</li> <li>Surfacing</li> <li>Track Equipment</li> </ul>
GROWTH	\$ 69.6	\$ 62.1	<ul style="list-style-type: none"> <li>M&amp;S Projects</li> <li>Intermodal Terminal (3)</li> <li>Refined Products Terminal (4)</li> <li>Celaya bypass (5)</li> <li>Monterrey bypass (6)</li> <li>Chihuahua -Ojinaga Corridor Rehabilitation (7)</li> </ul>
EFFICIENCY	\$ 28.0	\$ 44.7	<ul style="list-style-type: none"> <li>Construction and reconfiguration of yards</li> <li>Construction/extension of sidings</li> <li>LNG Locomotives conversion</li> <li>Transportation Management System</li> <li>Trip Optimizer Equipment</li> </ul>
	<b>\$ 358.3</b>	<b>\$ 266.5</b>	

