



The USMCA and the new opportunities for trade

Kansas City Southern de México

José Zozaya Délano
President, General Manager and Executive Representative



Mexico & USA - current economic relationship

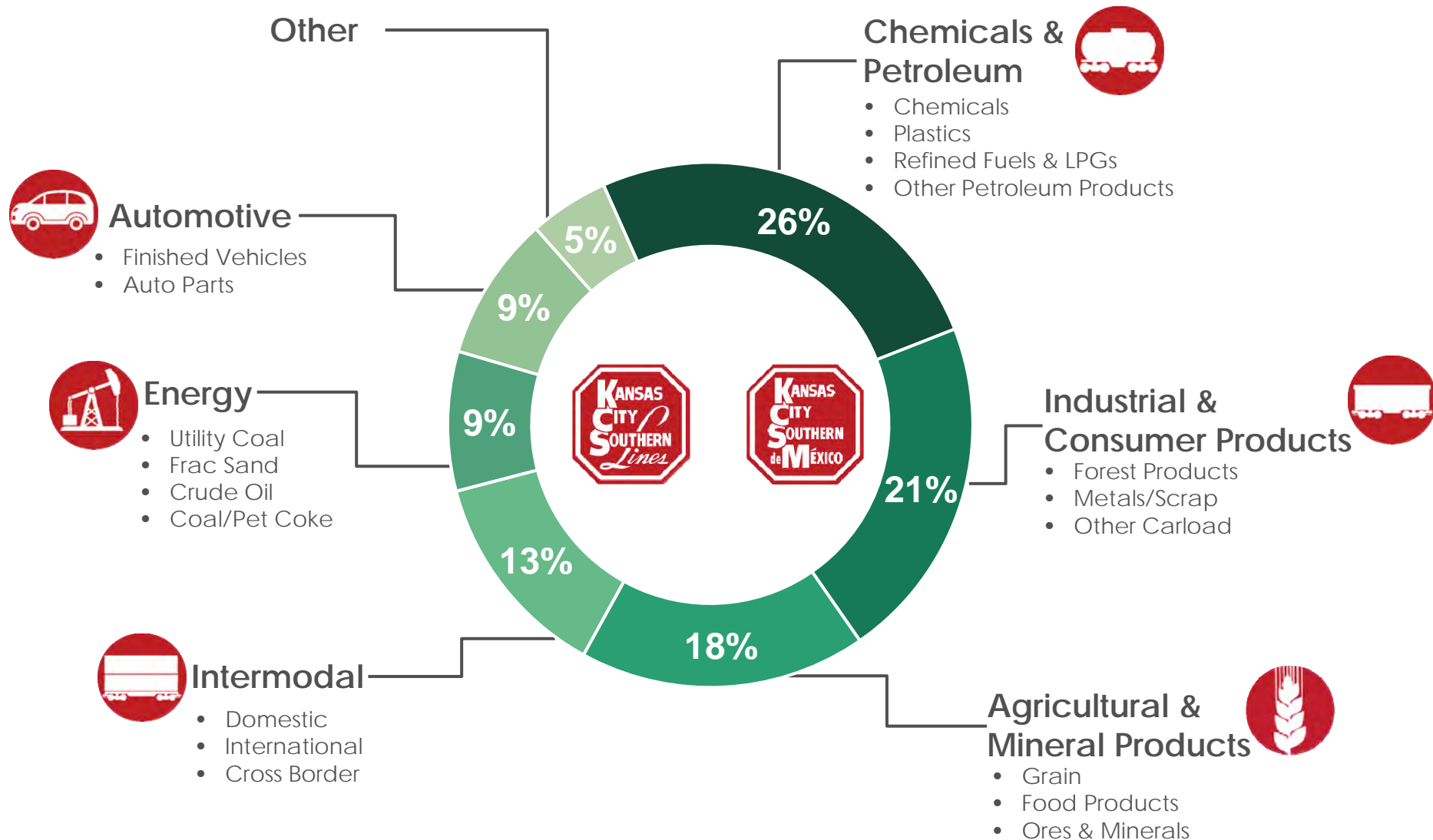


Sistema Ferroviario de México





Revenue by Business Unit



Due to rounding, revenues may not equal 100%



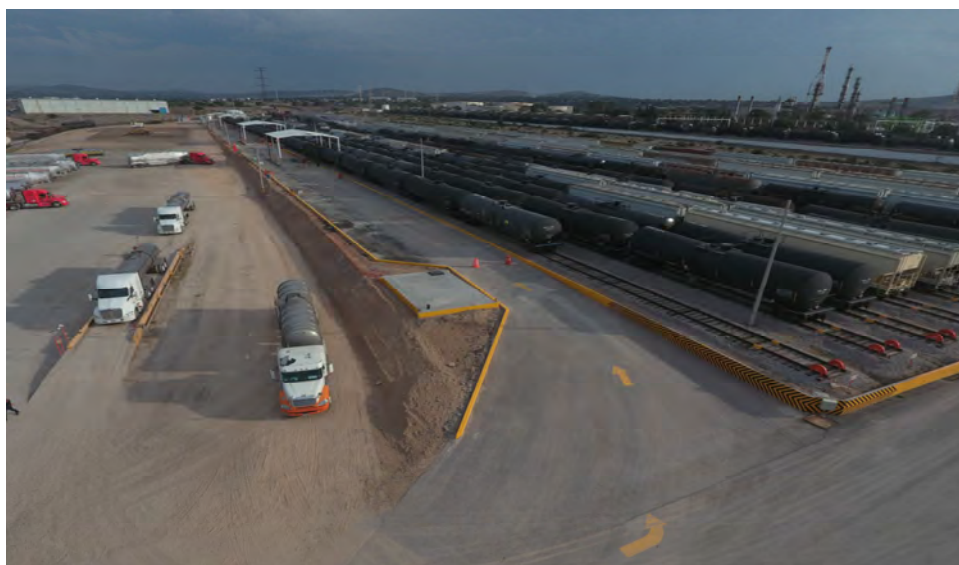
Container Terminals



Automotive Industry



Terminals in Mexico: TCM and Bulkmatic





KCSM and the USMCA

- **USMCA removes the commercial uncertainty.**
- With Mexico's Energy Reform, the transport of fuels have a great opportunity to growth in both countries.
- KCSM is committed to making improvements in customs and **border security**, which will generate greater efficiency in train speed when crossing the border.



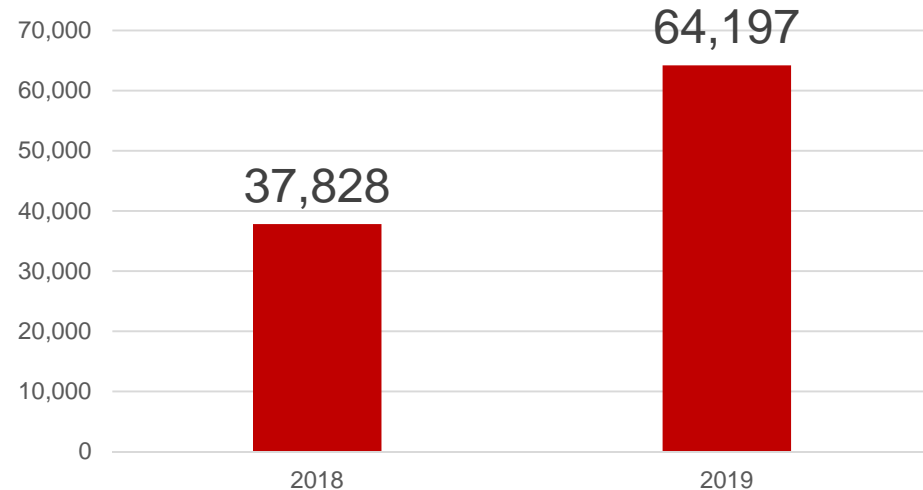


Fuels transport

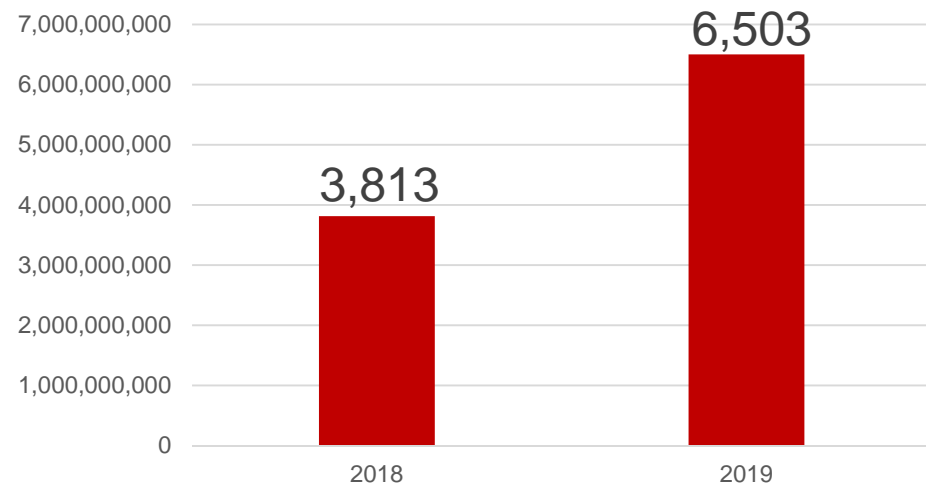
KCSM transport the 69% of imports

- Fuels transport increased 70% compared to 2018
- Foreign oil companies increased 149.3% their export by KCSM
- Imports from Mexico enter mostly through Nuevo Laredo

Tankcar



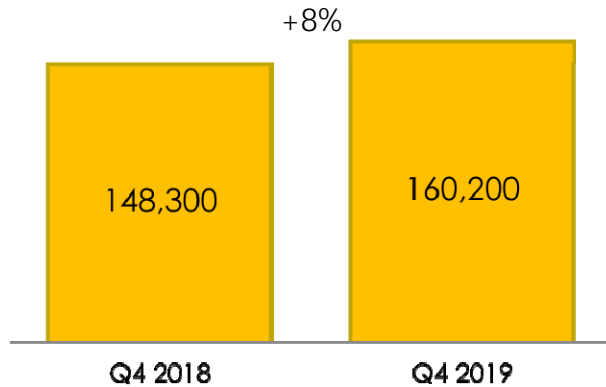
Million liters



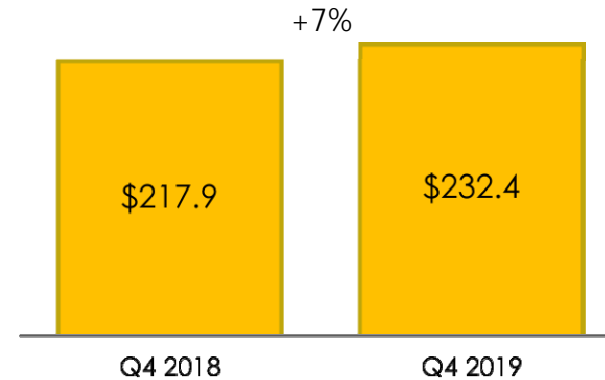


Total Cross-Border[†] Volumes and Revenues

Total Cross-Border[†] Volumes

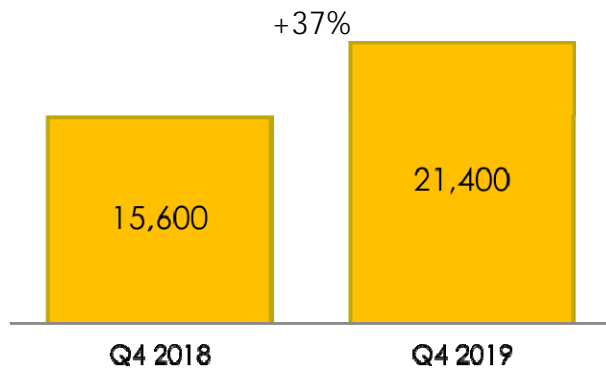


Total Cross-Border[†] Revenues
(\$ in millions)

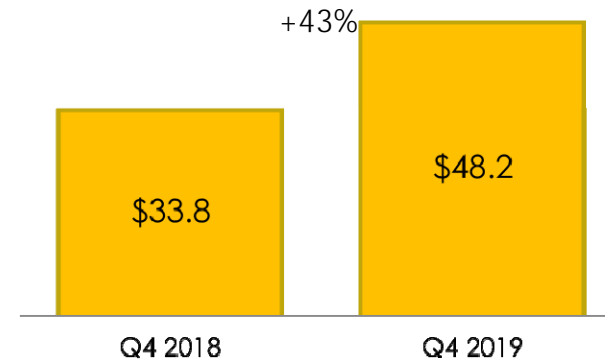


Mexico Energy Reform Volumes and Revenues

Energy Reform Volumes^{**}



Energy Reform Revenues^{**}
(\$ in millions)



[†]Cross-border is defined as traffic that moves on Kansas City Southern both north and south of the U.S. / Mexico border. Traffic interchanged with a competing railroad at the border is not considered cross border.

^{**}Cross-Border Franchise and Non-Franchise movements related to Mexico Energy Reform, as reported within Petroleum minor business unit



KCS has established key metrics with PSR

Metric	FY 2018	FY 2019	YoY Change B/(W)	FY 2020 Goal	YoY Change B/(W)
Gross velocity (mph)	11.1	13.5	22%	17.0	26%
Terminal dwell (hours)	24.8	20.8	16%	18.0	13%
Train length (feet)	5,812	5,981	3%	6,350	6%
Car miles per day	93.3	110.9	19%	135.0	22%
Fuel efficiency (gallons per 1,000 GTM's)	1.37	1.31	4%	1.24	5%

The improvement in service metrics supported the 8% volume growth at the border crossing



Better railroading for more reliable service and growth



Customer focused

- Improve and sustain consistency & reliability of service
- Create a more resilient and dependable network



Facilitate Growth

- Additional capacity for new opportunities



Improve asset utilization

- Be able to meet growing demand with same or fewer assets



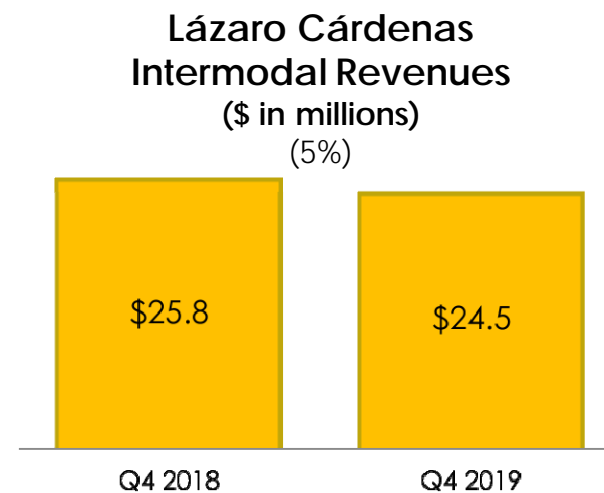
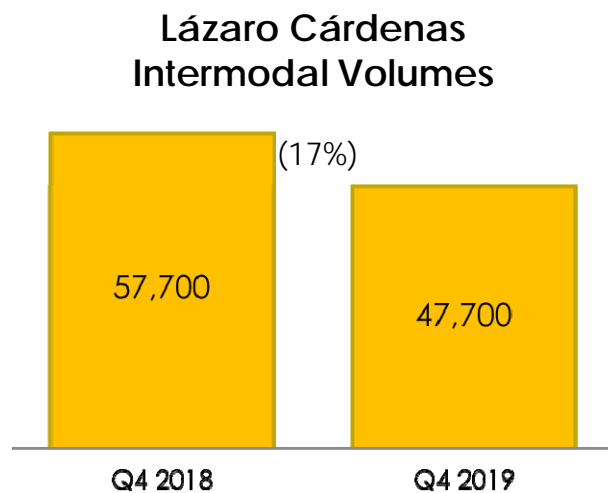
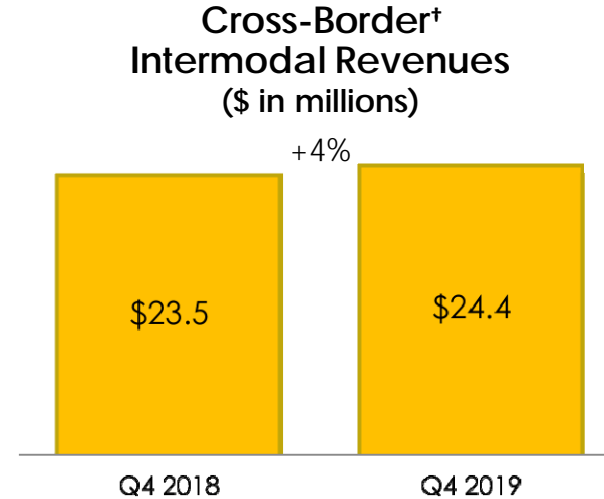
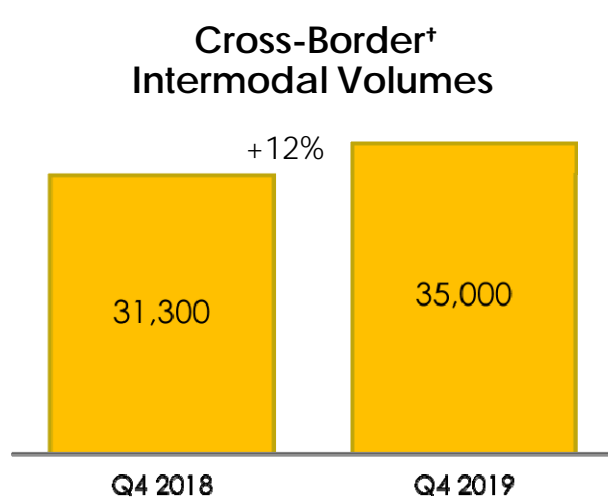
Improve cost profile

- Increased profitability driven by volume and revenue growth and improved productivity and asset utilization

KCS' Mantra: Service Begets Growth



Cross-Border[†] Intermodal and Lázaro Cárdenas Intermodal Volumes and Revenues



[†]Cross-border is defined as traffic that moves on Kansas City Southern both north and south of the U.S. / Mexico border. Traffic interchanged with a competing railroad at the border is not considered cross border.



Our Advantage

KCSM has the shortest and safest railway route between Lázaro Cárdenas port and the US border, along Nuevo Laredo and Matamoros, Tamauliptas

- Efficient market access
- Safety and security
- Access to overseas markets
- Consolidation and distribution
- Customer Service





¡THANK YOU!

