



The USMCA and the new opportunities for trade

Kansas City Southern de México

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Mexico & USA - current economic relationship

*The commercial
trade between
Mexico and US
exceeds 500 billion
dollars per year.*



*Mexico is the
12th largest
exporting
economy
in the world*



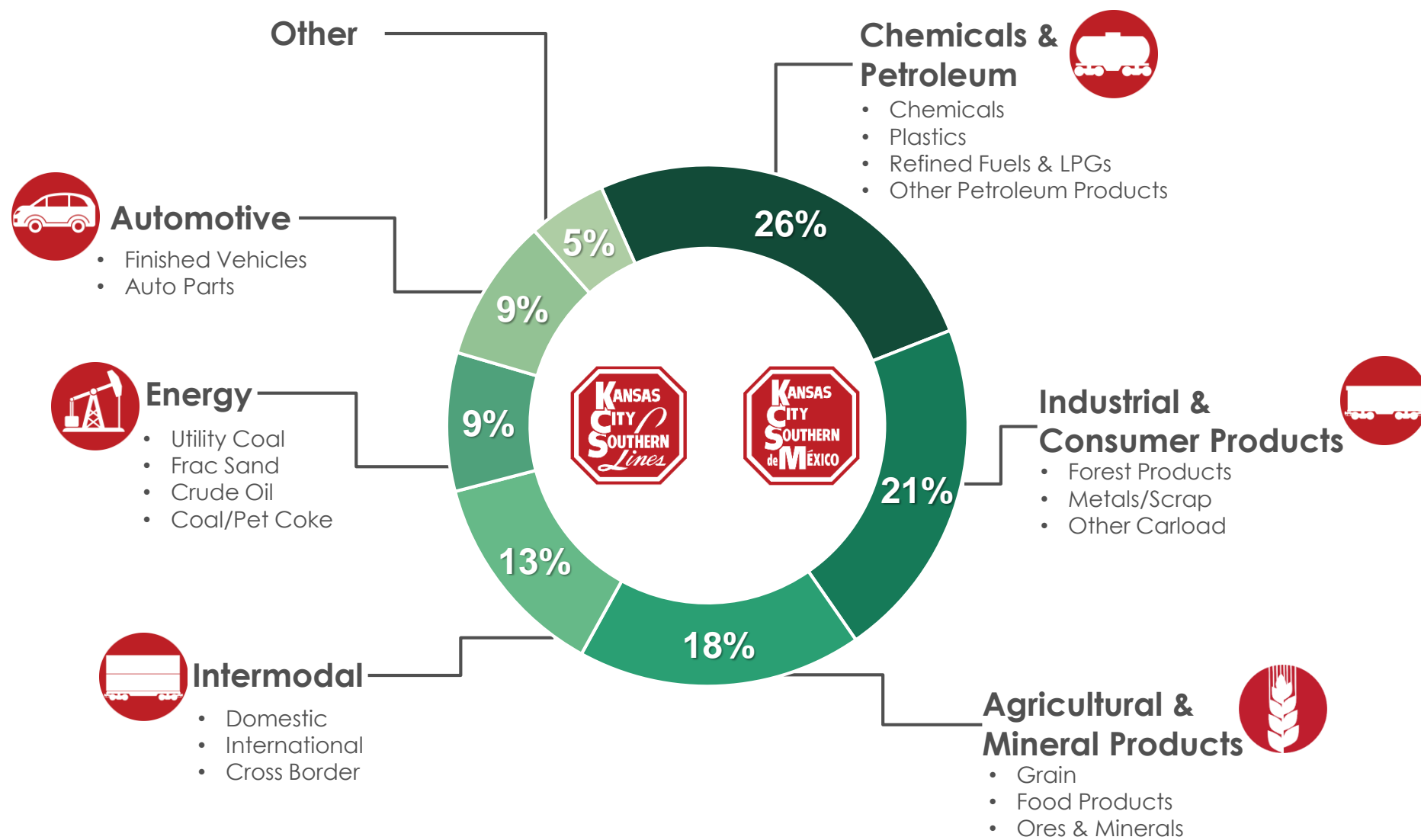
Mexico and US
are strategic
trade partners
in the North
America
region.

Sistema Ferroviario de México





Revenue by Business Unit



Due to rounding, revenues may not equal 100%

Container Terminals



San Luis Potosí



Monterrey



Toluca

Automotive Industry



Terminals in Mexico: TCM and Bulkmatic



KCSM and the USMCA

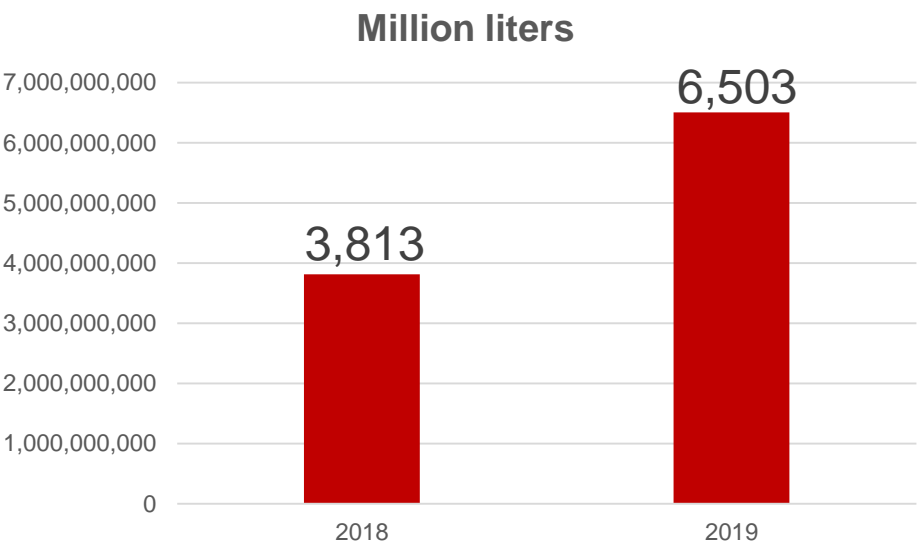
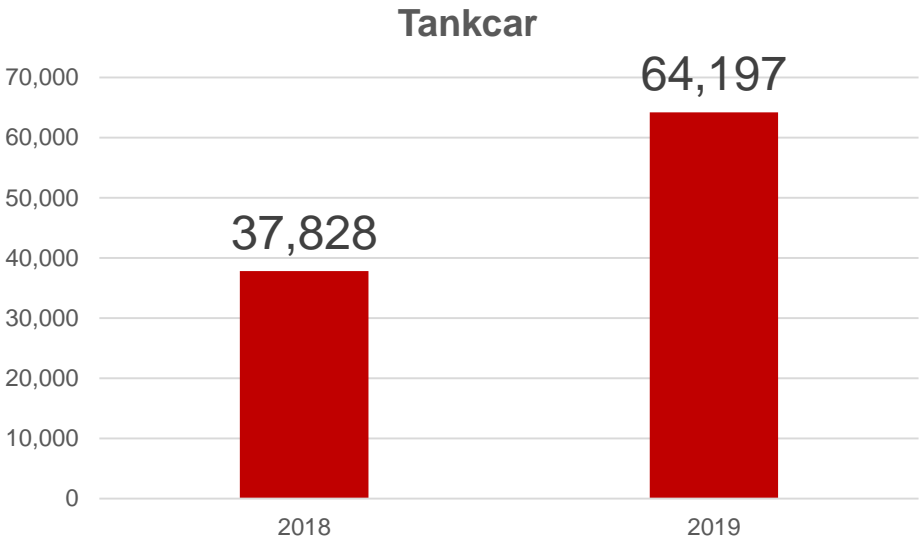
- **USMCA removes the commercial uncertainty.**
- With Mexico's Energy Reform, the transport of fuels have a great opportunity to growth in both countries.
- KCSM is committed to making improvements in customs and **border security**, which will generate greater efficiency in train speed when crossing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



Fuels transport

KCSM transport the 69% of imports

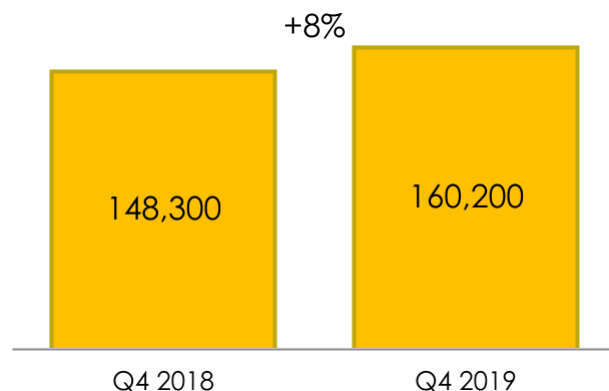
- Fuels transport increased 70% compared to 2018
- Foreign oil companies increased 149.3% their export by KCSM
- Imports from Mexico enter mostly through Nuevo Laredo



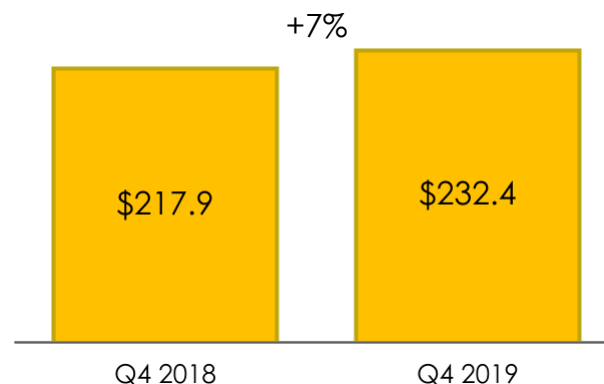


Total Cross-Border[†] Volumes and Revenues

Total Cross-Border[†] Volumes

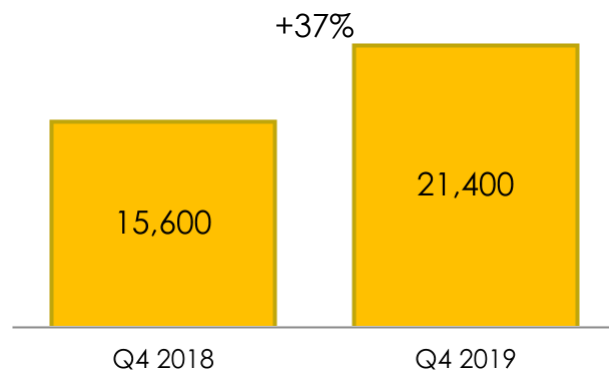


Total Cross-Border[†] Revenues
(\$ in millions)

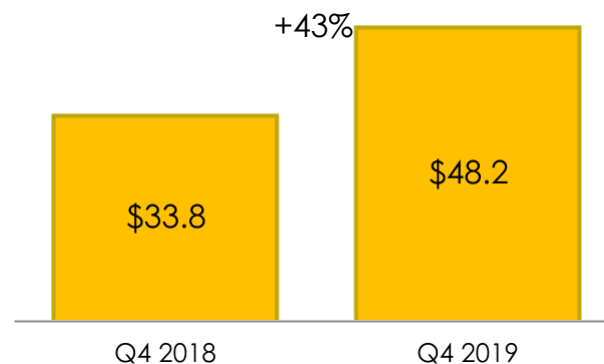


Mexico Energy Reform Volumes and Revenues

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

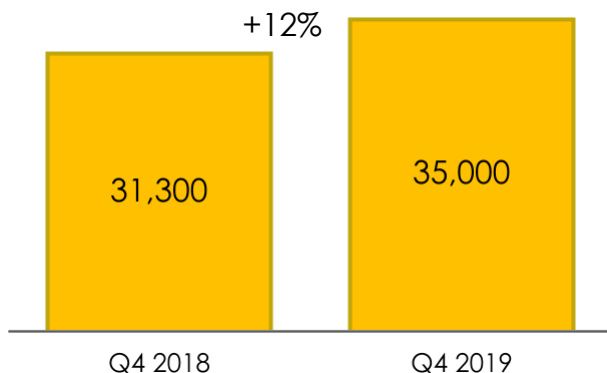
- Increased profitability driven by volume and revenue growth and improved productivity and asset utilization

KCS' Mantra: Service Begets Growth

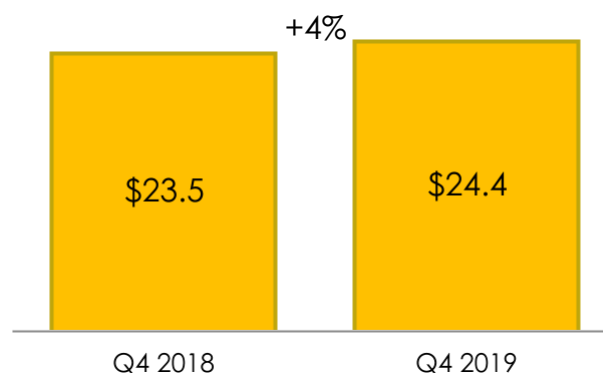


Cross-Border[†] Intermodal and Lázaro Cárdenas Intermodal Volumes and Revenues

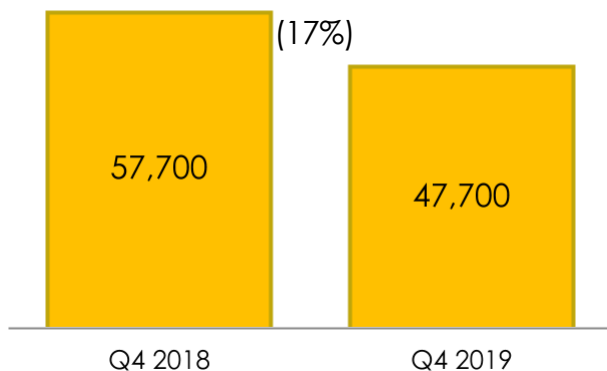
**Cross-Border[†]
Intermodal Volumes**



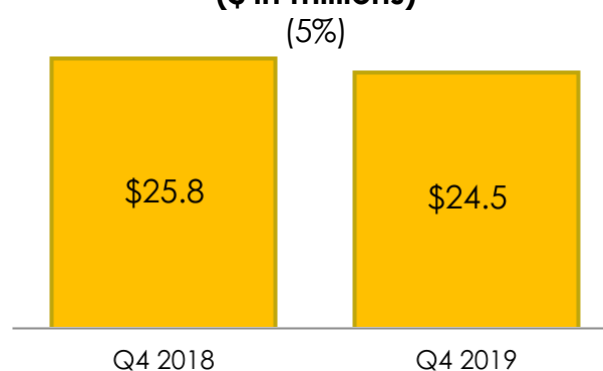
**Cross-Border[†]
Intermodal Revenues
(\$ in millions)**



**Lázaro Cárdenas
Intermodal Volumes**



**Lázaro Cárdenas
Intermodal Revenues
(\$ in millions)**



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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!

