

Ticker	GCARSOA1
BMV	GCARSO
OTC	GPOVY

Price (September '08)	41.06
Outstanding Shares (000's)	2,326,486

# GRUPO CARSO

## REPORTS THIRD QUARTER 2008 RESULTS

Mexico City, October 27 2008.- Grupo Carso (GCarso) reported today results for the third quarter ended September 30, 2008.

### HIGHLIGHTS

- **Grupo Carso posted quarterly revenues of \$18,010 MM Ps, 4.4% lower versus 3Q07**
- **Quarterly EBITDA reached \$1,876 MM Ps, 40.9% lower against 3Q07.**
- **Operating Results were affected by lower margins on industrial and retail divisions. These results were affected by metal prices declines, lower demand from the export markets that derived in higher competition and margin pressure in the domestic markets. Additionally, a drop in consumption continued affecting revenues and margins in GSanborns retail formats.**
- **GCarso reported net debt of \$12,848 MM Ps. Net debt to EBITDA ratio was 1.38 times as of 3Q08.**

### CONSOLIDATED RESULTS

#### GCARSO

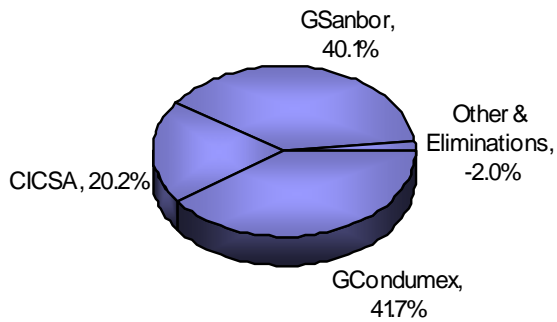
MM Ps	3Q08	3Q07	3Q08 vs 3Q07	9M08	9M07	9M08 vs 9M07
Sales	18,009.5	18,845.5	-4.4%	55,069.1	53,826.0	2.3%
Operating Income	1,321.8	2,636.7	-49.9%	5,192.1	7,424.3	-30.1%
Operating Margin	7.3%	14.0%	-47.5%	9.4%	13.8%	-31.6%
EBITDA	1,876.2	3,176.6	-40.9%	6,810.5	9,001.7	-24.3%
Net Income	1,450.7	2,444.5	-40.7%	4,292.3	6,274.1	-31.6%

*This press release contains forward-looking statements that involve inherent risk and uncertainties. We have identified certain important factors that may cause actual results to differ materially from those contained in such forward-looking statements.*

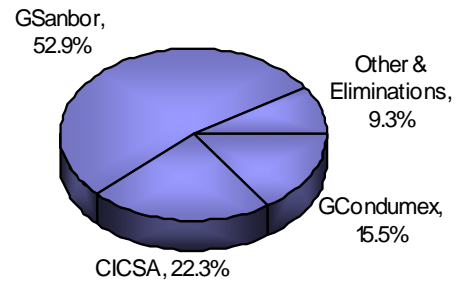
## REVENUES & OPERATING INCOME

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**Revenue  
Breakdown  
3Q08**



**Operating Income  
Breakdown  
3Q08**



## DEBT

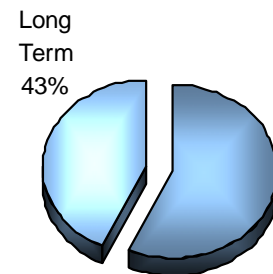
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**By Currency\***



**DEBT**  
\$19,788.6 MM Ps

**By Term**

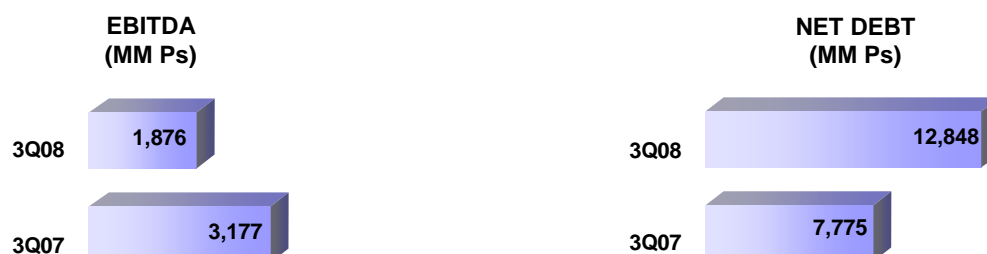


\*Includes Forex hedges.

## CASH FLOW (EBITDA) AND INTEREST BEARING DEBT

3Q08 EBITDA of \$1,876 MM Ps declined 40.9% versus 3Q07, with an EBITDA margin of 10.4%.

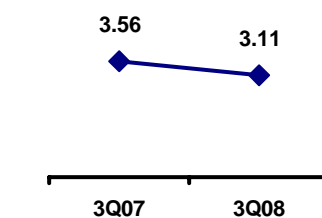
Total debt for 3Q08 was \$19,789 MM Ps, 35.9% higher than that of 3Q07. Net debt stood at \$12,848 MM Ps, an increase of 65.3% versus 3Q07.



As of September 30, Grupo Carso maintained exchange rate forwards in order to hedge its dollar denominated debt. Carso also has interest rate swaps for hedging purposes. This totaled a net notional amount of \$ \$6,711 MM Ps, with an average fixed rate of 7.9854% and maturity dates that go from February 2009 to May 2027.

### EBITDA\* / INTEREST EXPENSES\*

EBITDA to interest expenses ratio was 3.11 times in 3Q08, 12.6% lower versus 3Q07.



\*Last 12 months

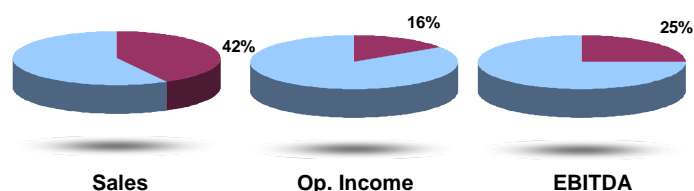
## FINANCIAL RESULTS

	3Q08	3Q07	3Q08 vs 3Q07	9M08	9M07	9M08 vs 9M07
Interest Expenses	818.7	486.8	68.2%	2,539.0	2,481.0	2.3%
Interest Income	606.3	270.2	124.4%	2,335.1	1,776.5	31.4%
Interest (net)	(212.4)	(216.6)	-1.9%	(203.8)	(704.6)	-71.1%
Forex Results	531.8	98.7	438.7%	(586.8)	134.9	N.A.
REPOMO	2.6	(21.8)	N.A.	2.6	41.0	-93.7%
UDI's Results	0.0	0.0	N.A.	0.0	0.0	N.A.
Other Financial Expenses	1.1	0.6	76.4%	2.7	2.4	11.3%
<b>IFR</b>	<b>323.0</b>	<b>(139.0)</b>	N.A.	<b>(785.4)</b>	<b>(526.3)</b>	49.2%
Other Financial Op.	39.5	(14.5)	N.A.	933.2	(57.0)	N.A.
Earnings from non consolidated companies	285.4	355.5	-19.7%	850.3	843.1	0.9%
Minority Interest	208.7	338.3	-38.3%	560.6	1,002.9	-44.1%
<b>IFR + Other Financial Op.</b>	<b>362.6</b>	<b>(153.6)</b>	N.A.	<b>147.7</b>	<b>(583.3)</b>	N.A.

## MANUFACTURING RELATED



### Contribution to Consolidated Results



Grupo Condumex posted quarterly revenues of \$7,517 MM Ps, 13% lower versus 3Q07. Lower demand from export markets lead competitors to increase domestic offer, affecting prices and volumes mainly for construction related divisions. Operating income reached \$205 MM Ps, a 85.2% decrease against 3Q07. Operating and EBITDA margins were affected by: a) lower zinc (-45%) and lead (-39%) prices, as these are the main products for the mining division; b) a temporary shutdown of molybdenum production during 3Q08 for technical issues; the plant restarted operations on October 21; c) a lower than expected startup period at Asientos mine unit that started production in July; and d) a charge on the income statement to reflect accounting lower metal prices (mainly copper) on Condumex's inventories.

### Grupo Condumex

MM Ps.	3rd Quarter				
	2008	%	2007	%	CHG
Sales	7,516.8	100.0%	8,640.9	100.0%	-13.0%
Op. Income	205.0	2.7%	1,380.7	16.0%	-85.2%
EBITDA	467.8	6.2%	1,641.2	19.0%	-71.5%
Net Income	462.7	6.2%	915.9	10.6%	-49.5%

Condumex's divisions posted higher volumes for fiber optic cable, coaxial cable and Nacobre product lines, while volumes declined for telecom copper cable, automotive cable, energy cable, construction related metal products and turnkey projects.

### Accumulated Volume Growth for 9M08

		VAR % 9M08 VS 9M07			VAR % 9M08 VS 9M07			VAR % 9M08 VS 9M07
TELECOM	Copper cable	-1.8%	CONSTRUCTION & ENERGY	Energy Cable	-9.1%	MINING	Milling	19.5%
	Fiber Optics	95.3%		Transformers & Turnkey Projects	-8.8%		Gold	-14.3%
	Coaxial Cable	36.8%		Metals	-3.5%		Silver	-8.8%
AUTOMOTIVE	Harnesses	0.3%		Copper Division	3.3%		Lead	-12.1%
	Automotive Cable	-7.0%		Aluminum Division	6.5%		Zinc	15.3%
				Plastic Division	27.8%		Copper	-21.1%
							Molybdenum	59.4%

## RETAIL



### Contribution to Consolidated Results



Grupo Sanborns posted quarterly revenues of \$7,213 MM Ps, during 3Q08, 1.6% higher against 3Q07. Operating income reached \$700 MM Ps, declining 20.3% against last year. Weak consumption was observed for a fourth consecutive quarter; which lead to higher promotional activity and lower operating margins.

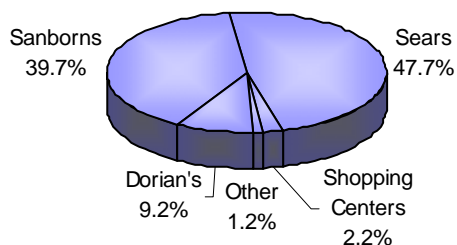
### Grupo Sanborns

MM Ps	3rd Quarter				
	2008	%	2007	%	CHG
Sales	7,213.0	100.0%	7,101.6	100.0%	1.6%
Op. Income	699.7	9.7%	877.7	12.4%	-20.3%
EBITDA	915.5	12.7%	1,068.0	15.0%	-14.3%
Net Income	452.5	6.3%	544.9	7.7%	-16.9%

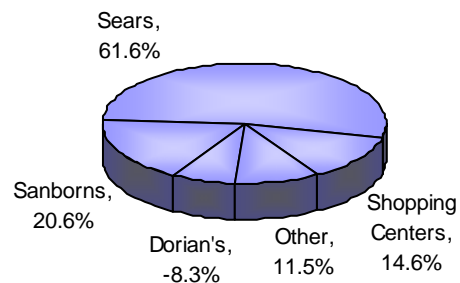
Combined quarterly revenues for the Sanborns Stores, Sanborns Café and Music store formats declined 2% versus 3Q07, while SSS declined 5.4% in the same period. Combined operating and EBITDA margins reached 5.0% and 8.5% respectively. During the quarter, one music store was opened under the new format i-Shop Mixup and two music stores were closed, taking the total number to 158 Sanborns stores, 30 Sanborns Café and 77 music stores by the end of 3Q08.

Department stores posted mixed results. Sears quarterly sales increased 5.8% versus last year, while SSS in the period decreased 4.8%. During the quarter Sears posted operating and EBITDA margins of 13.8% and 16.1% respectively. By the end of 2Q08, Sears operated 60 Sears stores.

### Revenue Breakdown 3Q08



### Operating Income Breakdown 3Q08



# CARSO INFRAESTRUCTURA Y CONSTRUCCIÓN

## HIGHLIGHTS

- CICSA posted quarterly revenue of \$3,632 MM Ps, 16.7% higher versus 3Q07.
- Quarterly operating income reached \$295 MM Ps, growing 8.4% against 3Q07
- Net income improved as a result of progress observed in some projects and better operating performance in the Infrastructure and Duct Installation sectors.
- During 3Q08 a joint venture leaded by CICSA's subsidiary CILSA with 51% stake, was awarded a contract to design, develop, engineer and build the "El Realito" dam. It will provide drinkable water to San Luis Potosí suburbs. It will be located over the Santa María river, at San Luis De la Paz, Guanajuato. The contract has an approximated value of \$550 MM Ps and will be executed during a period of almost three years.
- CICSA's backlog as of September 30, 2008 reached \$14,762 MM Ps.

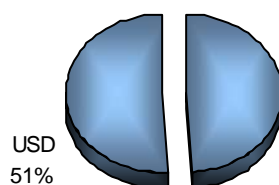
## CONSOLIDATED RESULTS

### CICSA

MM Ps	3Q08	3Q07	3Q08 vs 3Q07	9M08	9M07	9M08 vs 9M07
Sales	3,631.5	3,111.4	16.7%	9,922.1	8,923.1	11.2%
Operating Income	294.7	271.9	8.4%	583.6	668.8	-12.7%
Operating Margin	8.1%	8.7%	-7.1%	5.9%	7.5%	-21.5%
EBITDA	359.4	345.3	4.1%	762.0	874.3	-12.8%
Net Income	174.4	151.0	15.5%	347.3	438.4	-20.8%

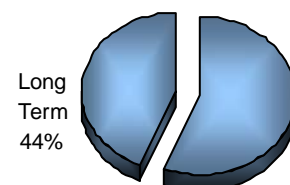
### DEBT

By Currency



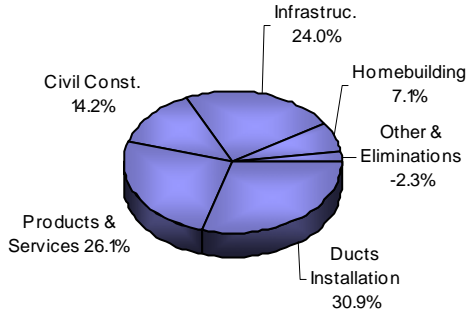
DEBT  
\$1,980.4 MM Ps

By Term

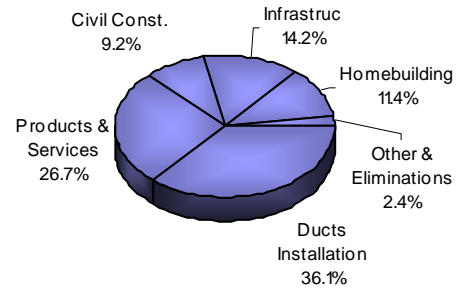


## REVENUES & OPERATING INCOME

**Revenue Breakdown 3Q08**

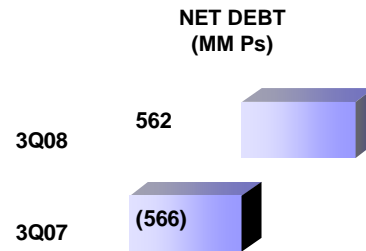
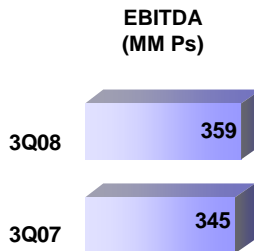


**Operating Income Breakdown 3Q08**



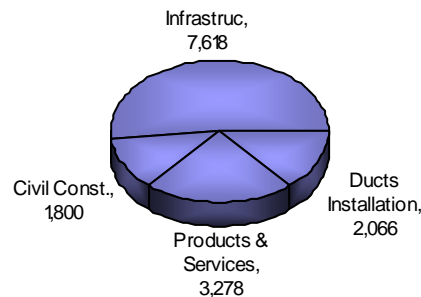
## CASH FLOW (EBITDA) AND INTEREST BEARING DEBT

As of September 2008 CICSA's total debt was \$1,980 MM Ps while cash and equivalents totaled \$1,418 MM Ps, to reach net debt of \$562 MM Ps.



## BACKLOG

**Backlog\*  
\$14,762 MM Ps**



- As of September 30, 2008.
- \$4,391 MM Ps to be executed during 2008, and \$10,371 MM Ps during 2009.

## FINANCIAL RESULTS

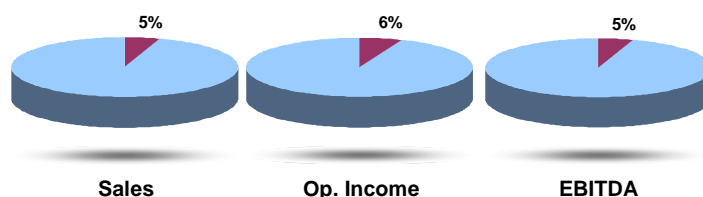
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	3Q08	3Q07	3Q08 vs 3Q07	9M08	9M07	9M08 vs 9M07
Interest Expenses	44.6	16.9	163.4%	97.3	51.8	87.7%
Interest Income	21.8	51.8	-58.0%	55.3	137.3	-59.8%
Interest (net)	(22.8)	34.9	N.A.	(42.1)	85.5	N.A.
Forex Results	26.4	9.4	181.1%	(19.3)	18.4	N.A.
REPOMO	2.6	(94.3)	N.A.	2.6	(123.6)	N.A.
<b>IFR</b>	<b>6.1</b>	<b>(50.0)</b>	N.A.	<b>(58.8)</b>	<b>(19.7)</b>	198.1%
Other Financial Op.	(13.3)	(4.3)	210.0%	(13.8)	(36.6)	-62.4%
<b>IFR + Other Financial Op.</b>	<b>(7.1)</b>	<b>(54.3)</b>	-86.8%	<b>(72.6)</b>	<b>(56.4)</b>	28.8%

## INFRASTRUCTURE & CONSTRUCTION RELATED

### Manufacture and Services for the Oil & Chemical Industries

### Contribution to Consolidated Results



### Manufacture and Services for the Oil & Chemical Industries

MM Ps.	2008		3rd Quarter 2007		CHG
		%		%	
Sales	949.6	100.0%	1,097.3	100.0%	-13.5%
Op. Income	78.8	8.3%	110.4	10.1%	-28.6%
EBITDA	91.1	9.6%	121.8	11.1%	-25.2%
Net Income	15.7	1.6%	21.8	2.0%	-28.1%

Quarterly sales for this sector reached \$950 MM Ps, 13.5% lower against 3Q07. During the quarter this sector posted operating income of \$79 MM Ps compared to an operating income of \$110 MM Ps reported a year ago. EBITDA of \$91 MM Ps, compared to \$116 MM Ps shown during 3Q07. Operating loss observed during 1H08 is reverting, as the housing platform related to it is on its final stage.

During the quarter, the first set of equipments for the Laguna Verde nuclear power plant were delivered, through our client Iberdrola; revenue from this delivery represents around \$6.2 MM USD.

Export orders for an approximated amount of \$3.5 MM USD were received during the quarter, including one from Formosa Plastics for its Point Comfort Texas plant, for an approximated amount of \$1.5 MM USD, and another one from Technip, Italy for an amount of \$1.6 MM USD; to provide 3 titanium heat exchangers to be used in a HNAY plant (**Hidrotratamiento de Naftas**) by PDVSA, in Falcón Venezuela.

Orders from Pemex for an approximated amount of \$1.8 MM USD to replace maintenance equipment.

The tube mill received orders for an approximated value of \$2.8 MM USD, including a \$1.3 MM USD order from Atica, to manufacture tube to be used by PEMEX Exploración y Producción (PEP).

Also, during the quarter an amendment to a drilling contract awarded by PEP by the end of 2006 was signed, increasing in 60 new oil wells the original agreement; completion term was extended from January 2010 to July 2010.

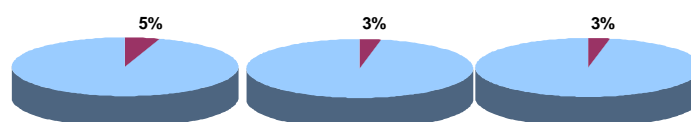
Finally, the ethylene oxide plant for PEMEX Petroquímica, located in Coatzacoalcos, Veracruz, is making progress in time and budget.

## INFRASTRUCTURE & CONSTRUCTION RELATED

### Infrastructure Projects

## Constructora de Infraestructura Latinoamericana (CILSA)

### Contribution to Consolidated Results



Infrastructure	3rd Quarter				
	2008	%	2007	%	CHG
Sales	871.1	100.0%	842.6	100.0%	3.4%
Op. Income	41.7	4.8%	85.2	10.1%	-51.0%
EBITDA	55.2	6.3%	86.4	10.2%	-36.1%
Net Income	14.7	1.7%	46.0	5.5%	-68.0%

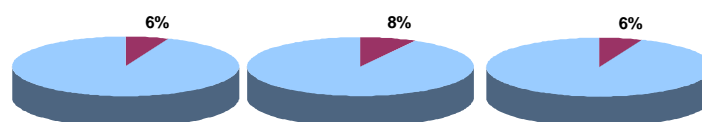
This sector reached quarterly revenue of \$871 MM Ps, a 3.4% increase y.o.y. Operating income of \$42 MM Ps declined 51%, while EBITDA reached \$55.2 MM Ps, decreasing 36.1% versus 3Q07.

During 3Q08, this sector continued working on the construction of Mexico City's North Bypass Highway. 17.8 km tranche from Calpulalpan to Ciudad Sahagún was delivered to complete 58.8 km of this toll road; it is estimated that during 4Q08 an 11 km tranche from Ciudad Sahagun to Tulancingo will be delivered. Additionally, works for the Bajo de Mina hydroelectric project continued in Panamá; including excavations for a bypass canal, a conduction tunnel, high pressure piping and works for the machine room. Regarding Baitún Hydroelectric plant, detailed design was completed while additional exploration works were performed. Finally, works related to the Panama Canal continued, including: excavation works for the approximation to Pacific canal, draining plan for the North zone, works related to a bypass canal, dams and roads, and works to protect the Canal against erosion.

### Ducts Installation



### Contribution to Consolidated Results



Ducts Installation	3rd Quarter				
	2008	%	2007	%	CHG
Sales	1,123.1	100.0%	899.0	100.0%	24.9%
Op. Income	106.5	9.5%	46.4	5.2%	129.3%
EBITDA	120.6	10.7%	62.5	7.0%	92.8%
Net Income	65.8	5.9%	30.3	3.4%	117.1%

During 3Q08, Ducts Installation Sector posted quarterly sales of \$1,123 MM Ps, a 24.9% increase versus 3Q07. Operating income of \$106 MM Ps grew 129.3%, while EBITDA increased 92.8%, to reach \$121 MM Ps. By the end of the quarter contribution of foreign operations continued growing as a percentage of total revenues, while domestic demand declined.

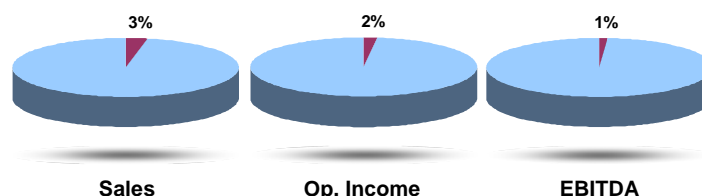
During 3Q08 new contracts related to engineering networks were awarded for \$227 MM Ps. In Central America projects to construct coaxial networks for an approximated amount of \$60 MM USD were awarded. Also during the period, this sector bid for 8 tranches of the Monterrey water duct; it represents an approximated value of \$670 MM Ps. Finally during 3Q08, this sector continued working on the Conejos – Médanos water duct, in Ciudad Juárez, Mexico.

## INFRASTRUCTURE & CONSTRUCTION RELATED

Civil Construction



### Contribution to Consolidated Results



### Civil Construction

MM Ps.	2008		3rd Quarter 2007		CHG
	2008	%	2007	%	
Sales	516.3	100.0%	485.0	100.0%	6.4%
Op. Income	27.1	5.2%	10.7	2.2%	153.7%
EBITDA	27.5	5.3%	10.8	2.2%	155.4%
Net Income	20.4	4.0%	9.6	2.0%	112.7%

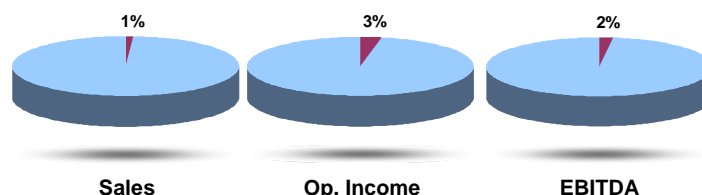
This sector posted quarterly revenues of \$516 MM Ps, 6.4% higher when compared to 3Q07. Operating income reached \$27 MM Ps, a 153.7% increase against 3Q07.

Improved operating results were driven by the progress observed in this sector's main projects, like foundation works for Corporativo Polanco, Ciudad Azteca stopping place and Ciudad Jardín shopping center (both in Ciudad Nezahualcóyotl) and urbanization and construction works for Nuevo Veracruz project.

Housing



### Contribution to Consolidated Results



### Homebuilding

MM Ps.	2008		3rd Quarter 2007		CHG
	2008	%	2007	%	
Sales	259.2	100.0%	240.3	100.0%	7.8%
Op. Income	33.6	13.0%	51.0	21.2%	-34.2%
EBITDA	38.0	14.7%	53.9	22.4%	-29.5%
Net Income	-1.7	-0.6%	32.1	13.3%	N.A.

During 3Q08, this sector reported revenues, operating income and EBITDA of \$260 MM Ps, \$34 MM Ps and \$38 MM Ps, respectively; while sales, operating income and EBITDA during 3Q07 were \$240 MM Ps, \$51 MM Ps and \$54 MM Ps, respectively. 2007 figures are included only for comparison purposes, as Urvitec was incorporated to CICSA in November 2007.

During 3Q08, this sector acquired 87.7 hectares land reserve in Texpeual, Yucatán, for the construction of 5,300 low income houses, estimated to begin on 2010.

During the quarter 1,288 units were sold, reaching 3,409 houses sold during 9M08.

FINANCIAL SUMMARY													
MM Ps	3Q08		3Q07		CHG	9M08		9M07		9M08 vs	MM USD		
										9M07	3Q08	3Q07	CHG
<b>CARSO</b>													
Revenues	18,009.5	100.0%	18,845.5	100.0%	-4.4%	55,069.1	100.0%	53,826.0	100.0%	2.3%	1,668.8	1,635.6	2.0%
Op. Income	1,321.8	7.3%	2,636.7	14.0%	-49.9%	5,192.1	9.4%	7,424.3	13.8%	-30.1%	122.5	228.8	-46.5%
EBITDA	1,876.2	10.4%	3,176.6	16.9%	-40.9%	6,810.5	12.4%	9,001.7	16.7%	-24.3%	173.9	275.7	-36.9%
Financial results	362.6	2.0%	-153.6	-0.8%	N.A.	147.7	0.3%	-583.3	-1.1%	-125.3%	33.6	-13.3	-352.1%
Net income	1,450.7	8.1%	2,444.5	13.0%	-40.7%	4,292.3	7.8%	6,274.1	11.7%	-31.6%	134.4	212.2	-36.6%
Cash & equivalents	6,940.8		6,784.8		2.3%						643.1	588.8	9.2%
Total Assets	91,476.9		91,797.2		-0.3%						8,476.4	7,967.0	6.4%
Total Debt	19,788.6		14,559.5		35.9%						1,833.7	1,263.6	45.1%
% Ps. Denominated	100%		72%		38.9%								
% Long Term	43%		61%		-29.5%								
Net debt	12,847.8		7,774.7		65.3%						1,190.5	674.8	76.4%
Stockholders equity	51,652.2		53,202.0		-2.9%						4,786.2	4,617.3	3.7%
Shares Outstanding (000)	2,326,486		2,336,126		-0.4%								
<b>GRUPO CONDUMEX</b>													
Sales	7,516.8	100.0%	8,640.9	100.0%	-13.0%	23,544.1	100.0%	23,779.4	100.0%	-1.0%	696.5	749.9	-7.1%
Op. Income	205.0	2.7%	1,380.7	16.0%	-85.2%	1,710.2	7.3%	3,570.2	15.0%	-52.1%	19.0	119.8	-84.1%
EBITDA	467.8	6.2%	1,641.2	19.0%	-71.5%	2,468.4	10.5%	4,331.5	18.2%	-43.0%	43.4	142.4	-69.6%
Net Income	462.7	6.2%	915.9	10.6%	-49.5%	1,308.8	5.6%	2,240.6	9.4%	-41.6%	42.9	79.5	-46.1%
<b>GRUPO SANBORNS</b>													
Sales	7,213.0	100.0%	7,101.6	100.0%	1.6%	22,425.5	100.0%	21,474.0	100.0%	4.4%	668.4	616.3	8.4%
Op. Income	699.7	9.7%	877.7	12.4%	-20.3%	2,397.5	10.7%	2,878.2	13.4%	-16.7%	64.8	76.2	-14.9%
EBITDA	915.5	12.7%	1,068.0	15.0%	-14.3%	3,035.7	13.5%	3,445.8	16.0%	-11.9%	84.8	92.7	-8.5%
Net Income	452.5	6.3%	544.9	7.7%	-16.9%	1,352.6	6.0%	1,626.3	7.6%	-16.8%	41.9	47.3	-11.3%
<b>CICSA</b>													
Revenues	3,631.5	100.0%	3,111.4	100.0%	16.7%	9,922.1	100.0%	8,923.1	100.0%	11.2%	336.5	270.0	24.6%
Op. Income	294.7	8.1%	271.9	8.7%	8.4%	583.6	5.9%	668.8	7.5%	-12.7%	27.3	23.6	15.7%
EBITDA	359.4	9.9%	345.3	11.1%	4.1%	762.0	7.7%	874.3	9.8%	-12.8%	33.3	30.0	11.1%
Financial results	-7.1	-0.2%	-54.3	-1.7%	-86.8%	-72.6	-0.7%	-56.4	-0.6%	28.8%	-0.7	-4.7	-85.9%
Net income	174.4	4.8%	151.0	4.9%	15.5%	347.3	3.5%	438.4	4.9%	-20.8%	16.2	13.1	23.3%
Cash & equivalents	1,418.1		1,528.2		-7.2%						131.4	132.6	-0.9%
Total Assets	14,813.8		12,263.4		20.8%						1,372.7	1,064.3	29.0%
Total Debt	1,980.4		962.5		105.8%						183.5	83.5	119.7%
% Ps. Denominated	49%		0%		N.A.								
% Long Term	44%		92%		-52.2%								
Net debt	562.3		(565.6)		-199.4%						52.1	-49.1	-206.1%
Stockholders equity	8,655.9		8,146.4		6.3%						802.1	707.0	13.4%
Shares Outstanding (000)	2,588,333		2,383,899		8.6%								

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