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KCS, Watco, WTC Announce Mexico Refined Energy Products Terminal to Facilitate Increased U.S. Export of Liquid Fuels

Project will result in fuel export opportunities for U.S. refiners and help address Mexico's growing demand for fuel products.

Kansas City, Mo., January 11, 2017. Kansas City Southern (KCS) (NYSE:KSU), Watco Companies, LLC (Watco) and WTC Industrial (WTC), today announced a joint venture investment which will facilitate and expand the exportation of liquid fuels from the United States to Mexico. The project will include the construction of a unit train liquid fuels terminal located in the WTC Industrial Park in San Luis Potosi. The facility will be solely rail served by Kansas City Southern de Mexico (KCSM).

The joint venture comes as a direct result of energy reform legislation passed in Mexico in 2013. Recognizing that it lacked the refinery infrastructure necessary to meet its growing demand for refined energy products, Mexico developed legislation which put into motion a process which will culminate by 2018 in the country's energy markets being fully open to foreign investment and the importation of refined energy products, including gasoline and diesel.

"Kansas City Southern is pleased to be part of this joint venture, which will expand the export of U.S. petroleum products to Mexico," stated KCS president and chief executive officer Patrick J. Ottensmeyer. "Not only will the terminal provide Mexico with vitally needed refined energy products, it will also serve to boost job creation in both the U.S. and Mexico. This project perfectly aligns the goals of Mexican energy reform with the desire of U.S. refining companies to expand their operations and enter new markets."

The joint venture partners will invest approximately U.S. \$45 million in this phase of the project, which has an anticipated completion in the second quarter of 2017. It is projected that the terminal project will eventually include a storage facility that would provide retail fuels for the population of Central Mexico.

"KCS looks forward to serving this major fluids distribution terminal in San Luis Potosi," said Mr. Ottensmeyer. "It provides us with excellent cross-border line haul opportunities as well as moving product within Mexico on KCSM. We have a successful history of working with Watco and WTC, and we are excited about the chance to leverage each of our strengths to create the efficiencies and economies of scale that will benefit both the U.S. and Mexico."

"The opportunity to partner with WTC and KCS in San Luis Potosi is a best case scenario," said Watco senior vice president network strategy Allan Roach. "WTC Industrial has an existing, modern, state-of-the-art industrial park and construction of the new rail terminal at the park is well under way and on schedule. The location adjacent to the KCSM main line ensures easy access to the terminal and quick cycle times of customer rail cars. The terminal is located in a Free Trade Zone, which provides an added economical advantage to rail shippers. The terminal will have 24 hour/7 days a week secured, fully-automated operations for unit trains and manifest shipments."

"Grupo Valoran (WTC Industrial) confirms the commitment of the private sector to supply fuel and chemicals in an efficient, safe and competitive manner to consumers in Central Mexico through this facility," said Valoran chief executive officer Vicente Rangel Mancilla.

Valoran chief operating officer Jose Luis Contreras added, "Thanks to Grupo Valoran's vast experience and leadership for over eight years with the Mexican Foreign Trade Zone, this terminal will work to simplify the logistic and import process to the benefit of consumers."

About KCS

Headquartered in Kansas City, Mo., KCS is a transportation holding company that has railroad investments in the U.S., Mexico and Panama. Its primary U.S. holding is The Kansas City Southern Railway Company, serving the central and south central U.S. Its international holdings include KCSM, serving northeastern and central Mexico and the port cities of Lázaro Cárdenas, Tampico and Veracruz, and a 50 percent interest in Panama Canal Railway Company, providing ocean-to-ocean freight and passenger service along the Panama Canal. KCS' North American rail holdings and strategic alliances are primary components of a NAFTA Railway system, linking the commercial and industrial centers of the U.S., Mexico and Canada. More information about KCS can be found at www.kcsouthern.com.

About Watco Companies, LLC

Watco Companies, LLC, is a Pittsburg, Kansas, based transportation company providing, transportation, terminal and port, mechanical, and supply chain services to Customers throughout North America and Australia. Watco is the owner of Watco Transportation Services, LLC, one of the largest short line railroad holding companies in the U.S. with 36 short line railroads and 31 industrial contract switching locations. Watco Terminal and Port Services operates more than 70 terminals, two significant port operations, and multiple warehouses. Watco Companies is a 50/50 joint venture partner with The Greenbrier Companies, Inc., in GBW Railcar Services, LLC. GBW repairs and refurbishes freight cars at 31 locations across North America. Watco's Supply Chain Services provides supply chain solutions globally. More information about Watco and its subsidiaries can be found at www.watcocompanies.com.

About WTC

WTC is the industrial developing division of the holding Grupo Valoran, a well-known company recognized in San Luis Potosi by the quality of its projects. The General Cargo and Fluids Terminal will be inside WTC I, taking advantage of all the benefits in services and security that a state of the art industrial park offers. WTC Industrial San Luis Potosi is a world class industrial and logistic development unique in its type that offers a Rail Road Terminal, Customs Office on site, Free Trade Zone (FTZ), and the most complete real estate services in the market. Its location in the city of San Luis Potosi is conveniently situated near the most important highway and railroad in Mexico also known as the NAFTA corridors. Seventy-five percent of the Mexican GDP is concentrated within 250 miles-radius of WTC Industrial San Luis Potosi. You can find out more about WTC at www.wtcindustrial.mx.

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