

Credit Suisse Mexico Investment Ideas Conference

May 2015

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- I. Macroeconomic environment and structural reforms
- II. IEnova company overview
- III. Growth strategy

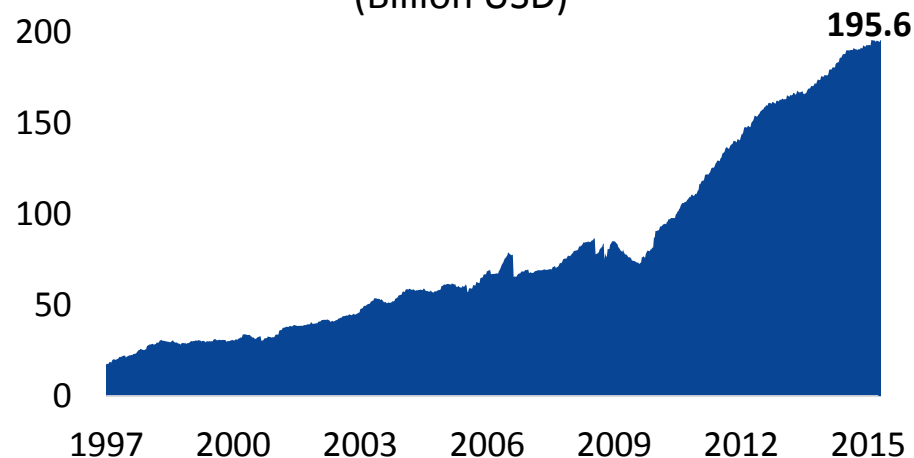
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Monetary resilience

The Central Bank has almost 200 billion dollars of international reserves that could be used to stabilize the exchange rate

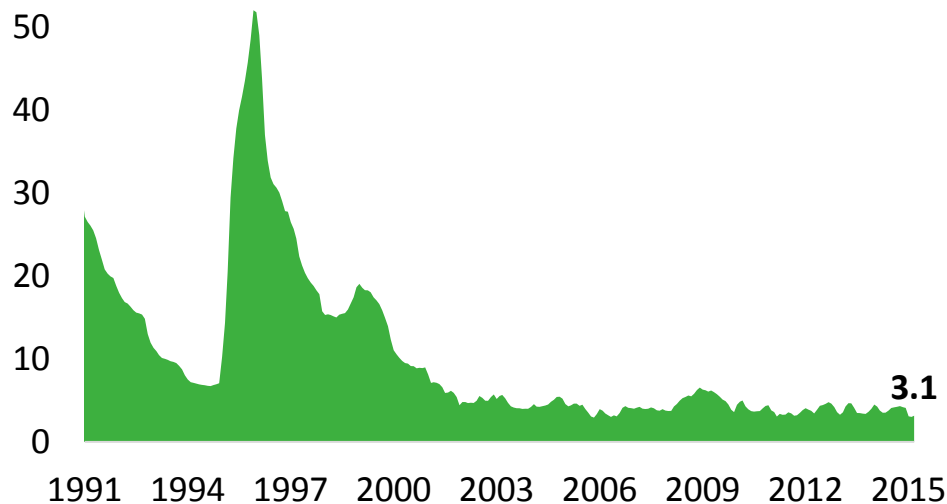
- The Central Bank announced that 2 billion Dollars (31.4 billion Pesos) will be transferred next year to the Federal Government budget that are meant to be spent on infrastructure

Bank of Mexico's International Reserves
(Billion USD)



Inflation

(Year over year)



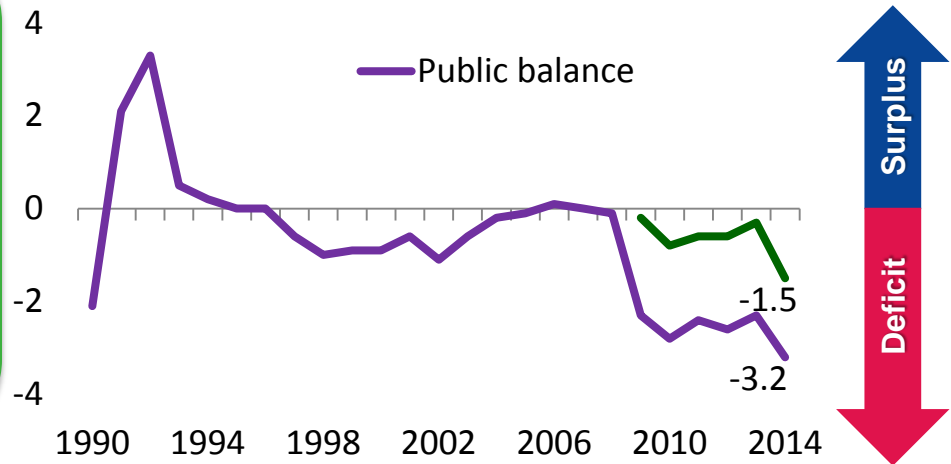
The inflation remains under control, averaging less than 4% per year for the last 6 years

- In contrast with past experiences, the recent appreciation of the US Dollar has not increased the rate of inflation

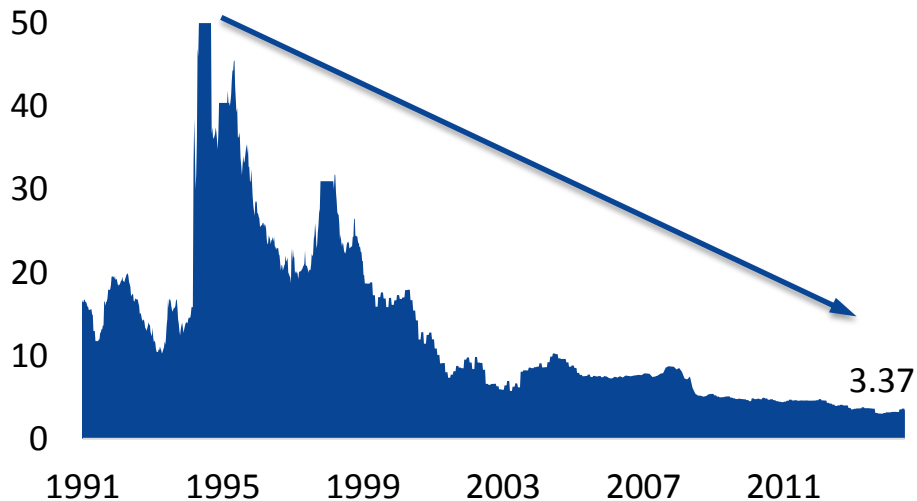
By law, the Government must aim to a public sector balance

- The Congress approved an extraordinary public deficit of 1.5%* of the GDP for 2014
- For this year, the approved public deficit will be 1.0% of the GDP

Public Sector Balance
(% of GDP)



Interest rate paid by the Treasury for Certificates with maturity of one year (%)



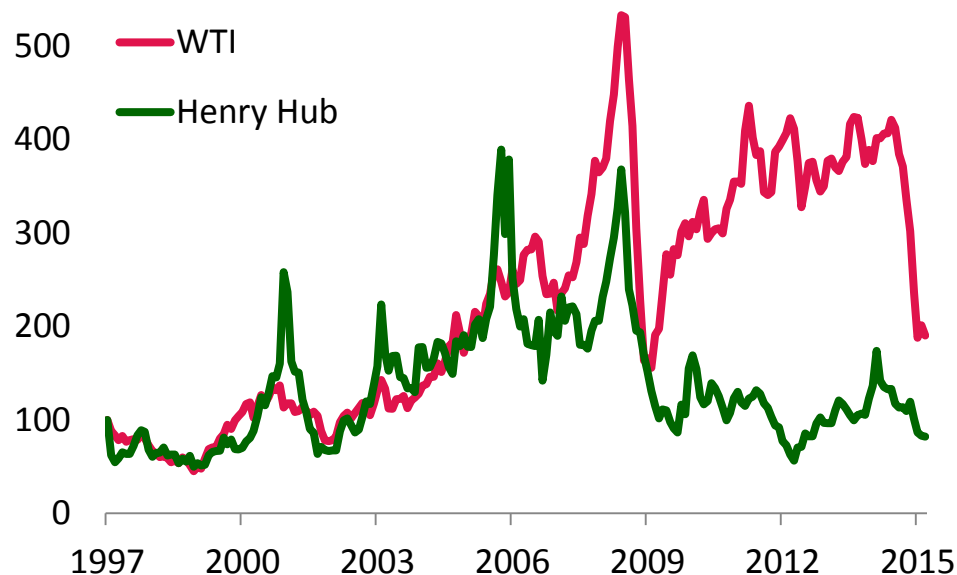
The Federal Government has access to financing at an all-time low interest rate

- The Public Sector budget deficit (without considering CFE & Pemex) will be 1% of the GDP for this year, regardless of the fall in the oil related revenue

Source: Ministry of Finance and Bank of Mexico

Notes: * Public Sector Balance without Pemex investments is used to measure the fiscal deficit limit established in the Federal Budget and Fiscal Responsibility Law.

Price Comparison between Natural Gas and Oil
(Jan-1997=100)



Oil Prices remain above the levels registered in 1997-1998

- The Government is looking for ways to minimize the impact of the spending cuts on infrastructure investment
- Near-term growth opportunities in natural gas are underpinned by strong projected growth in electricity consumption

While the impact of low oil prices will affect Mexico's federal spending in the near-term, the Energy Reforms passed last year provide the necessary tools to engage the private sector to fill this gap

Mexico's structural reforms

The Structural Reforms have strengthened the resilience of the economy against external shocks, like the decrease of the oil prices



Energy



Telecomm



Antitrust



Financial



Revenue



Labor



Education



National Criminal Procedure Law



Constitutional Control

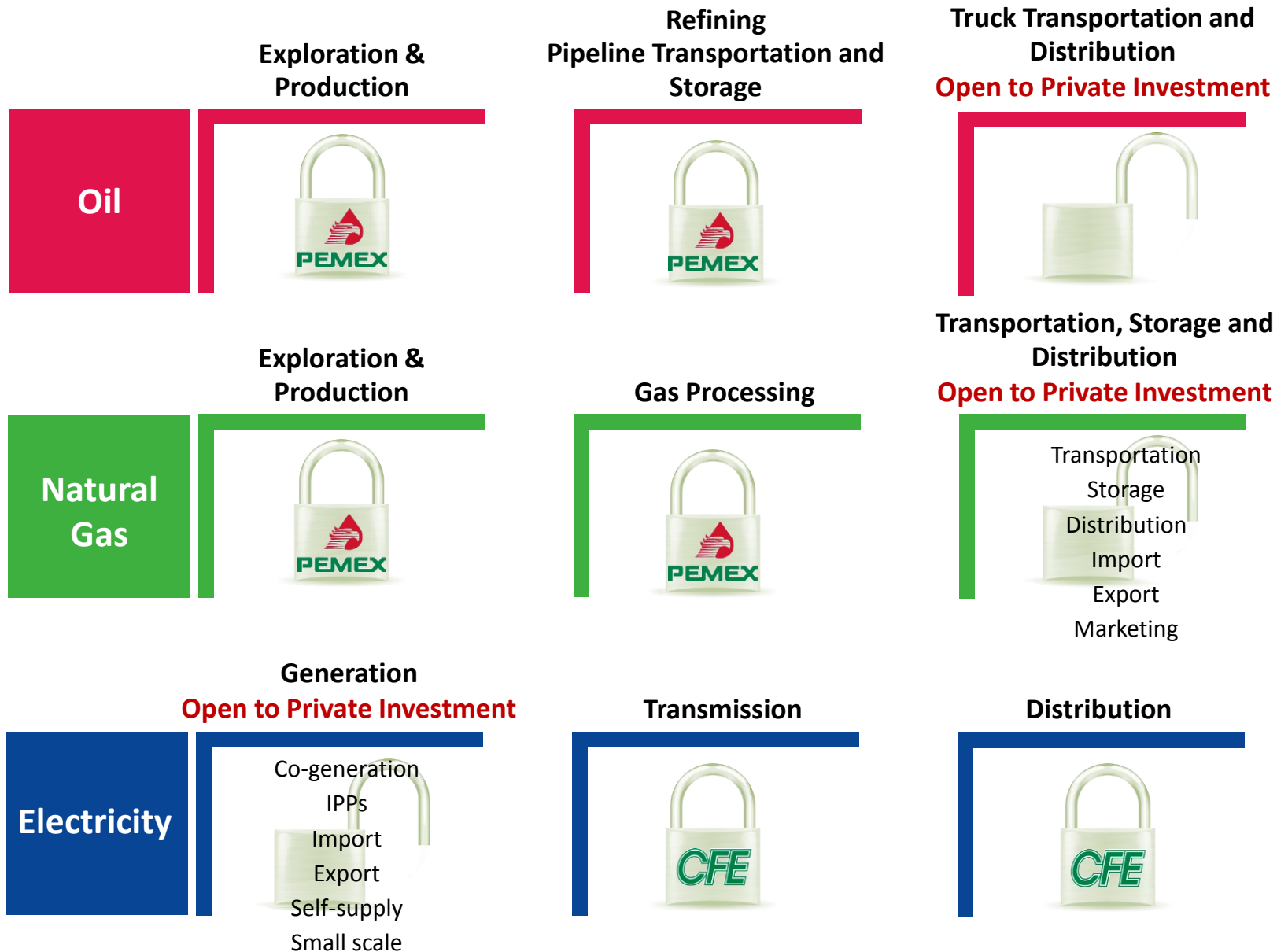


Electoral Policy

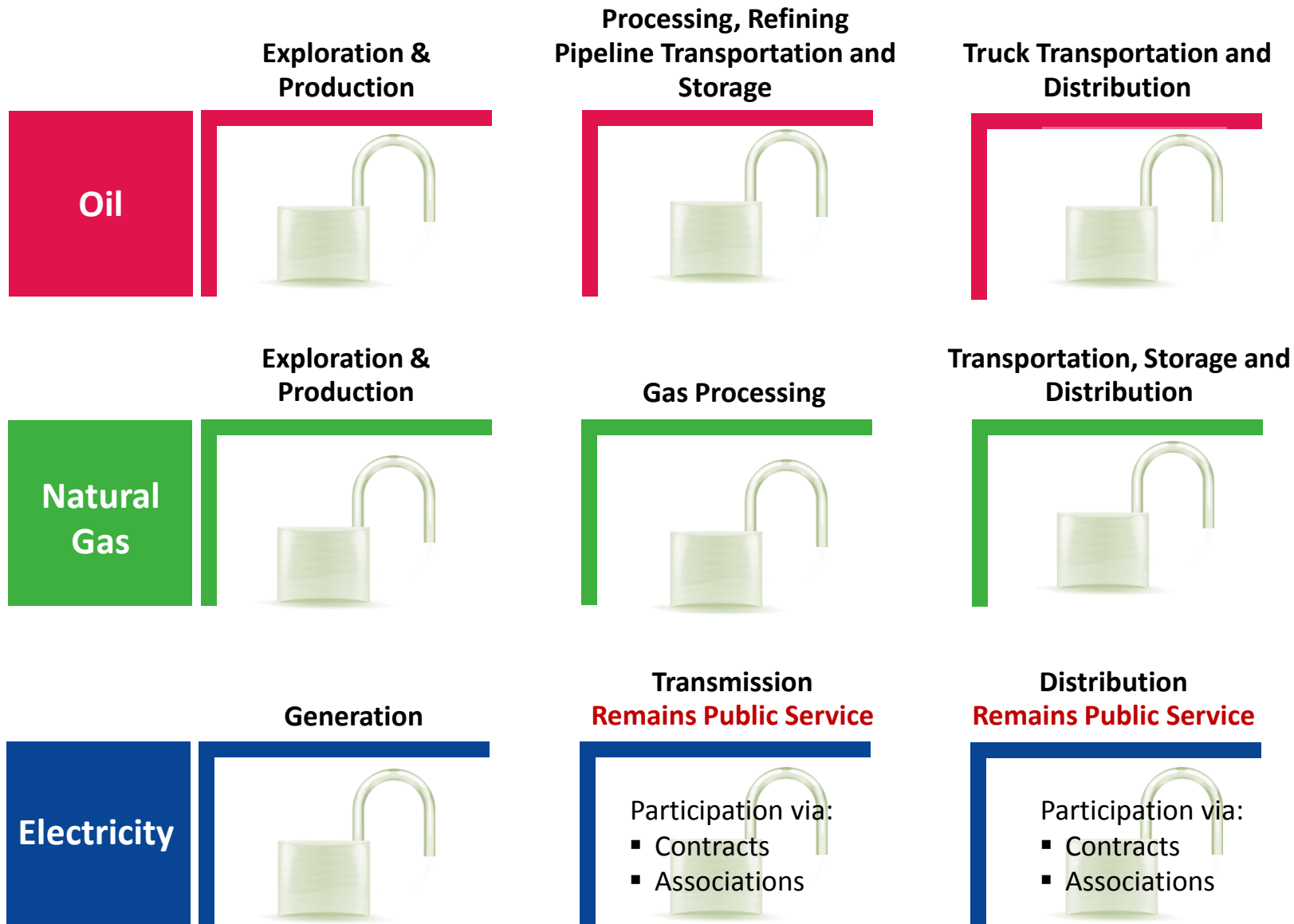


Transparency

Pre-2013 Reform Legal framework



Post-2013 Reform Legal framework



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IEnova company overview



IEnova develops, constructs, owns and operates energy infrastructure in Mexico

IEnova is one of the largest private energy companies in Mexico and is the only energy company listed on the Mexican stock exchange

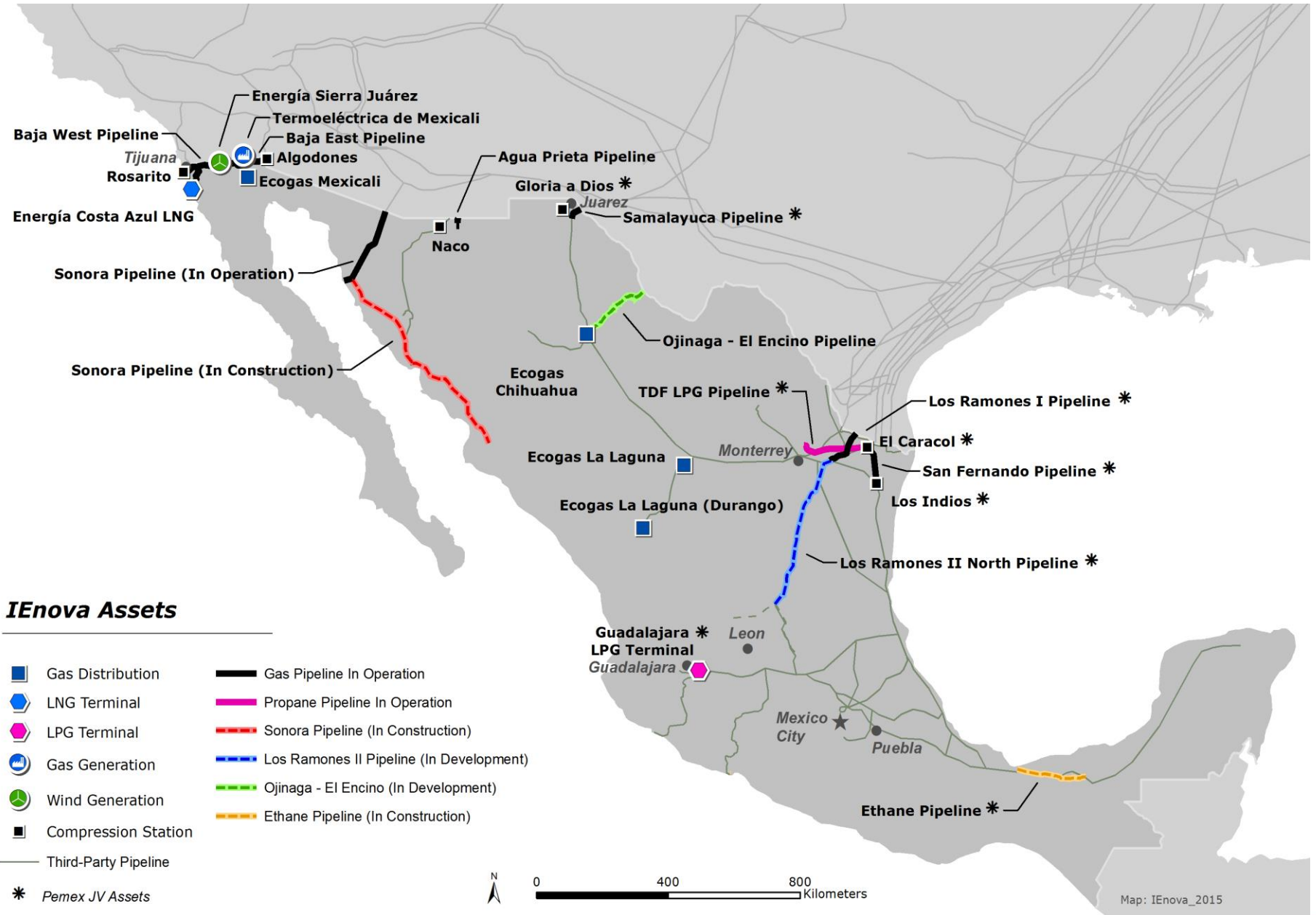


IEnova's business is built upon long-term, take-or-pay, dollar-denominated contracts providing stable and predictable cash flows

Mexico requires new energy infrastructure and the current low oil price environment magnifies the need for private sector investment leading to more growth opportunities for IEnova



Asset overview



Corporate structure and assets in operation



Gas Segment



Wholly-owned Pipelines

- 558km of pipelines and three compression stations
- 19% of the market's transportation capacity



Energía Costa Azul

- One LNG receipt, storage and regasification terminal with a send-out capacity of 1,000 MMcfd



Ecogas

- Natural gas distribution utility with more than 100,000 customers

Power Segment



Termoeléctrica de Mexicali

- 625MW natural gas combined-cycle electricity generation plant



Joint-Venture with Pemex (50/50)

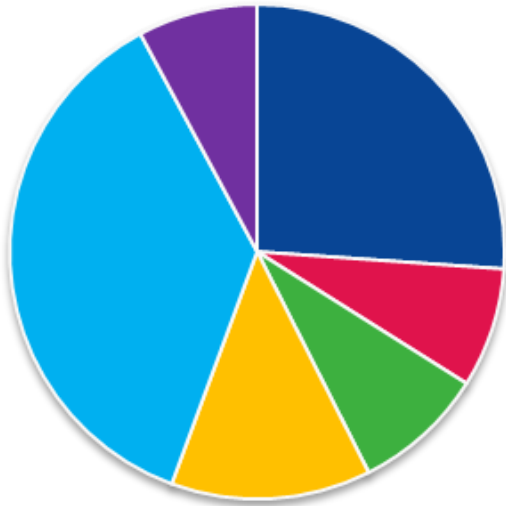
- 265km of pipelines (23% of the market's transportation capacity)
- 190km LPG transportation pipelines and 120,000Bbl of LPG storage
- Five compression stations

USD \$3.5 billion of assets in operation

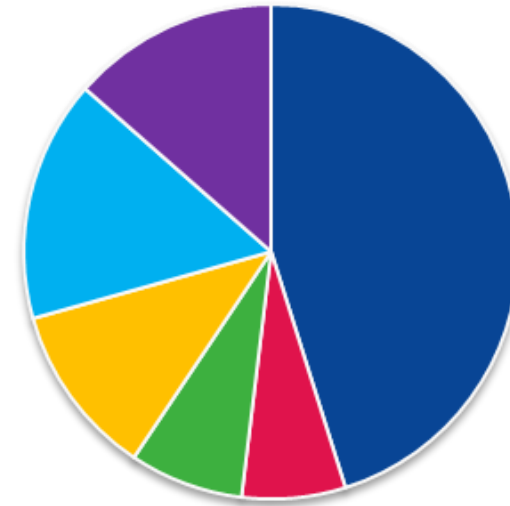
Investment in new growth projects

US\$3.8 billion total investment in new projects ¹

US\$2.2 billion IEnova share of investments in new projects ²



■ Sonora	■ ESJ
■ Ethane	■ Ramones I
■ Ramones Norte	■ Ojinaga - El Encino



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(1) Represents total project investment at 100% ownership
 (2) Represents IEnova share of new projects

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IEnova growth strategy

**Natural gas pipeline
development**

Asset optimization



PEMEX joint venture

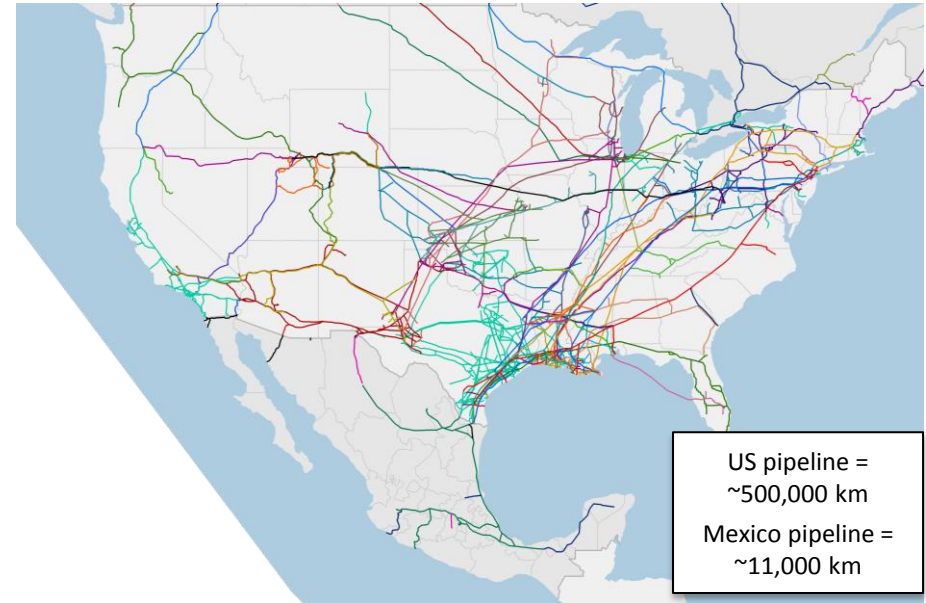
**New business
opportunities**

**Mergers &
Acquisitions**

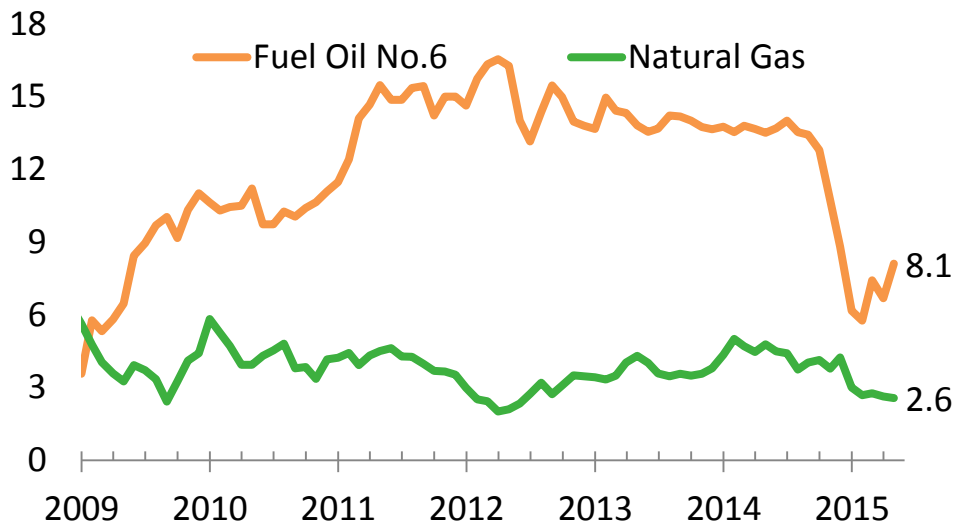


Natural gas pipeline development

Near-term growth opportunities in natural gas are underpinned by the need for infrastructure investment to support economic growth and competitiveness in Mexico.

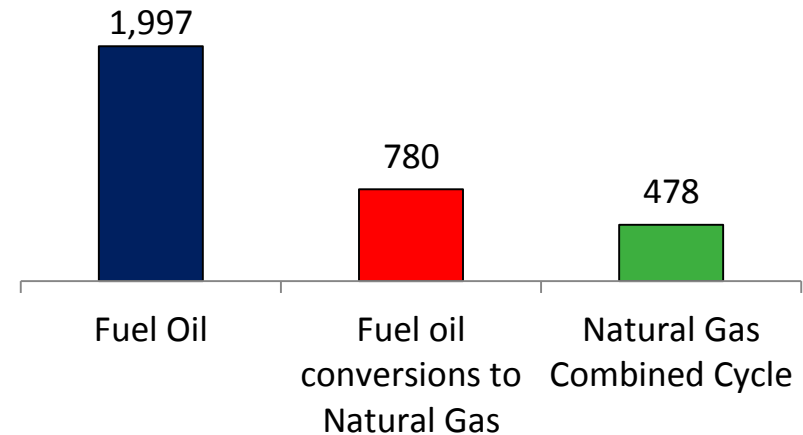


Price comparison between Fuel Oil & Natural Gas (USD/MMbtu)



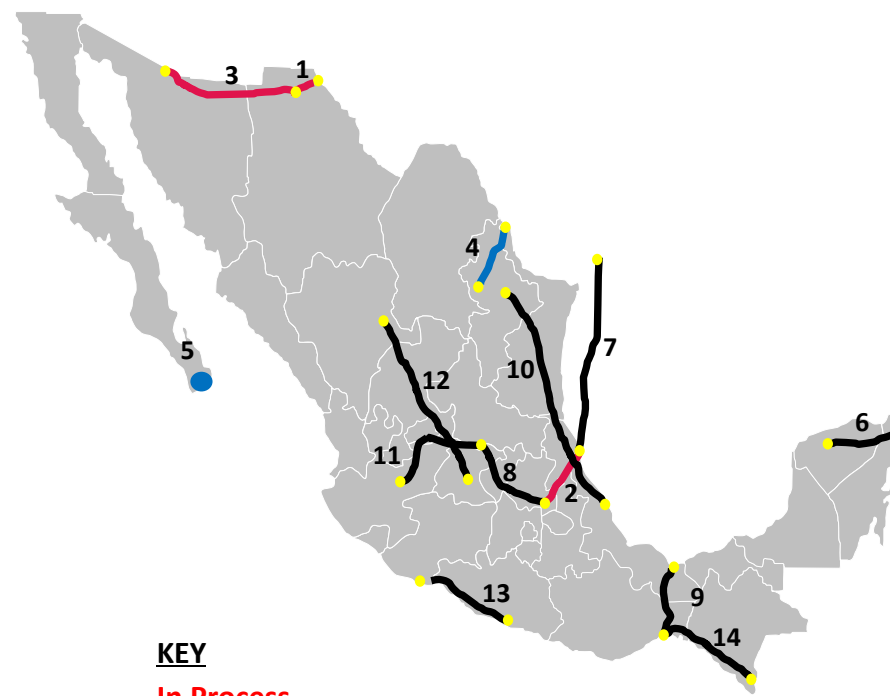
Natural gas will continue to be CFE's fuel of choice for new and existing electricity generation

Incremental Cost of Generation (USD/MWh)



Current schedule for pipeline tenders in process

Project	CFE CapEx Estimate (USD millions)
1 San Isidro - Samalayuca	100
2 Tuxpan - Tula	400
3 Samalayuca - Sasabe	825
4 Colombia - Escobedo	370
5 Baja Sur	600
6 Merida - Valladolid-Cancun	460
7 Texas - Tuxpan (marine pipe)	3,000
8 Tula - Villa de Reyes	420
9 Jaltipan - Salina Cruz (Pemex)	640
10 Ramones - Cempoala (Pemex)	2,000
11 Villa Reyes – Aguascalientes - Gdl	545
12 La Laguna - Aguascalientes	885
13 Lazaro Cardenas - Acapulco	450
14 Salina Cruz - Tapachula	435
TOTAL	11,030



KEY
In Process
Recently Announced (1Q 2015)
Future Projects

KEY DATES FOR BIDS IN-PROCESS	San Isidro - Samalayuca	Tuxpan - Tula	Samalayuca - Sásabe
Submit proposals	June 2015	June 2015	July 2015
Award date	June 2015	July 2015	August 2015
Commercial Operation Date	January 2017	March 2017	June 2017

New Business Opportunities

Gathering & Processing



- Increasing production will require higher capacity for natural gas gathering & processing
- New infrastructure requirements will be identified as private E&P companies enter the market

Liquids pipelines & storage



- Analyzing potential opportunities including transportation and storage infrastructure for crude, refined products, LPG and petrochemicals

Electric transmission



- Government has identified nearly US\$2 billion of required near-term investments
- Commercial structures for private sector investment remain undefined

Renewable power generation



- Existing assets provide base for potential future expansion
- Expect larger government focus on increasing power generation from renewable resources



Energía Costa Azul liquefaction project

- Initial feasibility studies complete; results support project viability
- Moving into permitting phase:
 - Expect to complete preliminary engineering & design and environmental studies in the second half of 2015
 - Targeting early 2016 to file permits
- Concurrent commercial development continues with potential partners and customers



Sonora Pipeline open season

- Open season currently in-process
- Evaluating the proposals we have received thus far
- Expect to report full results of the open season in the second half of 2015

Takeaways

