2018
FOURTH QUARTER RESULTS

Ticker BMV: IENOVA
Mexico City, February 20, 2019

We are the first private sector, publicly traded energy infrastructure company on the Mexican Stock Exchange and one of the largest private sector energy companies in Mexico in terms of market share. We develop, build, and operate essential energy infrastructure. Our footprint in Mexico includes several business lines that encompass a significant portion of the Mexican energy infrastructure value chain that is open to private investment.

Executive Summary

(millions of US$, except percentages)	Three months ended December 31, 2018	Three months ended December 31, 2017	% Var.	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017	% Var.
	(unaudited)			(audited)*		
Adjusted EBITDA *	$ 207.9	$ 182.3	14 %	$ 876.4	$ 758.6	16 %
Profit for the period	$ 88.6	$ 36.7	141 %	$ 430.6	$ 354.2	22 %
Revenues	$ 345.9	$ 315.5	10 %	$ 1,368.6	$ 1,222.9	12 %

* Twelve-month figures are audited, except for Adjusted EBITDA

- In the fourth quarter of 2018, Adjusted EBITDA increased 14 percent to $207.9 million, compared with $182.3 million in the same period of 2017. The increase of $25.6 million was mainly due to the Termoeléctrica de Mexicali power plant higher operational results and the November 2017 acquisition of the remaining 50 percent of Ductos y Energéticos del Norte.
- In 2018, Adjusted EBITDA increased 16 percent to $876.4 million, compared with $758.6 million in 2017. The increase of $117.8 million was mainly due to the Termoeléctrica de Mexicali power plant higher operational results and its scheduled major maintenance in 2017, the November 2017 acquisition of the remaining 50 percent of Ductos y Energéticos del Norte and higher margin in the gas segment.
- In the fourth quarter of 2018, profit was $88.6 million, compared with $36.7 million in the same period of 2017. The increase of $51.9 million was mainly due to non-cash exchange rate effects and the EBITDA drivers mentioned above.
- In 2018, profit was $430.6 million, compared with $418.0 million in 2017, excluding the $63.8 million Termoeléctrica de Mexicali power plant non-cash after-tax impairment charge in the second quarter of 2017. The increase of $12.6 million was mainly due to Termoeléctrica de Mexicali power plant higher operational results and its scheduled major maintenance in 2017, and the November 2017 acquisition of the remaining 50 percent of Ductos y Energéticos del Norte, partially offset by higher financing costs and higher income taxes.
- In the fourth quarter of 2018, revenues were $345.9 million, compared with $315.5 million in the same period of 2017. The increase of $30.4 million was mainly due to higher revenue at the Termoeléctrica de Mexicali power plant due to higher prices and volumes, higher prices of natural gas sold and higher power volumes at Ventika.
- In 2018, revenues were $1,368.6 million, compared with $1,222.9 million in 2017. The increase of $145.7 million was mainly due to higher revenue at the Termoeléctrica de Mexicali power plant due to higher volumes and prices, higher volume sold of natural gas, the acquisition of the remaining 50 percent of Ductos y Energéticos del Norte and higher power prices at Ventika.
- In 2018 and early 2019, the Company executed the following transactions for a total value of approximately $2.4 billion:
    - In February 2018, the Company announced the execution of a 15-year electricity supply contract with various subsidiaries of El Puerto de Liverpool. The electricity will be generated by Don

Diego Solar, a 125-MW_{AC} solar power plant that will be located in the municipality of Benjamin Hill in the state of Sonora. The plant, which will have the capacity to supply Liverpool and other large energy consumers, is expected to begin operations in the fourth quarter of 2019 and have an estimated investment of $130 million.

- In April 2018, the Company announced a project to develop, construct and operate a marine terminal that will receive, store and deliver hydrocarbons, primarily gasoline and diesel, within the La Jovita Energy Center, which is located 23 km north of Ensenada, B.C., Mexico. In connection with this terminal, the Company executed two long-term contracts, one with Chevron, and the other with BP for the storage and delivery of hydrocarbons. Together, these two contracts represent 100% of the initial total terminal storage capacity (which is approximately one million barrels). Currently, affiliates of Chevron have the option to acquire 20% of the equity of the terminal after commercial operations begin. With an investment of approximately $130 million, the terminal is expected to begin commercial operations in the fourth quarter of 2020.
- In July 2018, IEnova was awarded the public tender issued by the Integral Port Administration (API) of Topolobampo for the construction and operation of a marine terminal for the receipt and storage of hydrocarbons and other liquids, primarily diesel and gasoline. The first phase of the terminal will have a capacity of approximately one million barrels and an estimated investment of $150 million. The terminal could also be expanded to store additional refined products and/or offer service for other products such as petrochemicals. It is expected to begin operations during the fourth quarter of 2020.

  In September and October 2018, IEnova announced the execution of two long-term, U.S. dollar-denominated contracts with subsidiaries of Chevron and Marathon for the storage and delivery of refined products, primarily gasoline and diesel, at the terminal for the receipt, storage, and delivery in Topolobampo, Sinaloa, Mexico. The agreements will allow Chevron and Marathon to each utilize approximately 50% of the terminal's initial one million barrels of storage capacity. Additionally, another subsidiary of Chevron will have the right to acquire up to 25% of the equity of the terminal after commercial operations begin.
- In September 2018, IEnova announced the execution of a long-term, U.S. dollar-denominated terminal services agreement with a subsidiary of Trafigura for 740,000 barrels of storage capacity in a marine facility for the receipt, storage and delivery of refined products in Manzanillo, Colima. As part of the agreements, IEnova also acquired 51% of the equity of the company whose subsidiary owns certain permits and land where, subject to the issuance of the remaining permits and other conditions, the project will be built. Affiliates of Trafigura retained 49% of the equity of the project. Both companies entered into a Joint Venture Agreement governing the development, construction, and operation of the project. IEnova will have control over all aspects of project implementation, including finalizing permits, securing customers for the additional capacity, and completing detailed engineering, procurement, construction, financing, operation and maintenance of the terminal. The project's estimated investment is $200 million dollars, and the company anticipates, subject to the timing of issuance of the remaining permits, the start of commercial operations in the fourth quarter of 2020.
- In October 2018, IEnova announced the execution of a 15-year electricity sale and purchase agreement with various affiliates of Scotiabank. The electricity will be generated by IEnova's portfolio of solar projects.
- In November 2018, IEnova announced, together with Sempra LNG & Midstream, the signature of three Heads of Agreements with affiliates of Total, Mitsui and Tokyo Gas for the full capacity

of Phase 1 of the Energia Costa Azul liquefied natural gas (ECA LNG) project located in Baja California, Mexico. The agreements contemplate the parties negotiating and finalizing definitive 20-year LNG sales-and-purchase agreements. The three companies will each potentially purchase approximately 0.8 Mtpa of LNG from ECA LNG Phase 1. A final investment decision for ECA LNG is targeted in late 2019 with potential first LNG deliveries in 2023.

  - In November 2018, IEnova announced the execution of a revolving credit agreement with Sempra Global, an affiliated company, for up to $320 million with a term that expires in August 2020.
  - In December 2018, IEnova announced the execution of a 15-year electricity supply contract with Compañía Minera Autlán. The electricity will be generated through its portfolio of solar generation projects.
  - In February 2019, IEnova informed that in connection with its existing revolving credit agreement of $1,170 million, it entered into an amendment agreement to (i) increase the amount of the credit line under the Credit Agreement to $1,500 million, (ii) extend the term thereof from August 2020 to February 2024 and (iii) include JP Morgan and Credit Agricole to the lenders' syndicate. The financial institutions that are part of the Credit Agreement are: Banco Santander, MUFG Bank, The Bank of Nova Scotia, Sumitomo Mitsui Banking Corporation, Banamex, Bank of America, BBVA Bancomer, Mizuho Bank, JP Morgan and Credit Agricole.

- The Company's total assets increased more than $0.6 billion, from $8.2 billion as of December 2017 to $8.8 billion as of December 2018.
- In June 2018, in IEnova's Ordinary General Shareholders' Meeting, the formation of a fund to purchase the company's own shares was approved on the terms provided in Article 56, Section IV of the Securities Market Law, up to a maximum amount of $250 million for 2018. In November 2018, IEnova appointed J.P. Morgan as its agent for the Share Purchase Program. As of today, IEnova has repurchased 3.6 million shares.

EBITDA and Adjusted EBITDA

(millions of US$)	Three months ended December 31, 2018	2017	Twelve months ended December 31, 2018	2017
	(unaudited)		(unaudited)	
Gas Segment	$ 144.9	$ 142.3	$ 626.8	$ 610.8
Power Segment	34.8	23.7	141.9	85.3
Corporate	0.5	(2.6)	(0.4)	(8.0)
EBITDA [1]	**$ 180.2**	**$ 163.4**	**$ 768.3**	**$ 688.1**
JV EBITDA adjustment [1]	27.7	18.9	108.1	70.5
Adjusted EBITDA [1]	**$ 207.9**	**$ 182.3**	**$ 876.4**	**$ 758.6**

Gas Segment

In the fourth quarter of 2018, Gas segment EBITDA was in line with the same period of 2017.

In 2018, Gas segment EBITDA was $626.8 million, compared with $610.8 million in 2017. The increase of $16.0 million was mainly due to the acquisition of the remaining 50 percent of Ductos y Energéticos del Norte by $11.3 million and one-time natural gas distribution rates true-up from prior years at Ecogas Mexicali by $6.9 million.

Power Segment

In the fourth quarter of 2018, Power segment EBITDA was $34.8 million, compared with $23.7 million in the same period of 2017. The increase of $11.1 million was mainly due to the Termoeléctrica de Mexicali power plant higher operational results.

In 2018, Power segment EBITDA was $141.9 million, compared with $85.3 million in 2017. The increase of $56.5 million was mainly due to $49.7 million from Termoeléctrica de Mexicali power plant higher operational results and its scheduled major maintenance in 2017, and Ventika higher operational results of $9.4 million.

Joint Ventures

In the fourth quarter of 2018, Joint Ventures EBITDA was $27.7 million, compared with $18.9 million in the same period of 2017. In 2018, Joint Ventures EBITDA was $108.1 million, compared with $70.5 million in the same period of 2017.The increases of $8.8 million in the three-month period and $37.6 million in the twelve-month period were mainly due to the November 2017 acquisition of the remaining 50 percent of Ductos y Energéticos del Norte.

[1] We present "EBITDA" and "Adjusted EBITDA" in this earnings report for the convenience of investors. EBITDA and Adjusted EBITDA, however, are not measures of financial performance under IFRS and should not be considered as alternatives to profit or operating income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity.

Our definition of EBITDA is profit for the period after adding back or subtracting, as the case may be, (1) depreciation and amortization, (2) impairment of Termoeléctrica de Mexicali, (3) financing cost, net, (4) other losses (gains), net, (5) income tax expense and (6) share of profits of joint ventures, net of income tax.

We define Adjusted EBITDA as EBITDA plus Joint Ventures (JV) EBITDA adjustment.

We define the JV EBITDA adjustment as our share of the profit of joint ventures, after adding back or subtracting, as the case may be, our share of: (1) depreciation and amortization, (2) financing cost, net, (3) other (gains) losses, net, and (4) income tax expense.

Results of Operations

Amounts are presented in U.S. dollars, the functional currency of the Company, unless otherwise noted, and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). All amounts are unaudited, unless otherwise noted. Numbers may not add up due to rounding.

The 2017 and 2018 first quarter financial results have been re-presented to show Termoeléctrica de Mexicali as continued operations in the Condensed Consolidated Statements of Profit, as management formalized the decision in the second quarter of 2018 to no longer hold it for sale.

Condensed Consolidated Statements of Profit

	Three months ended December 31,		Twelve months ended December 31,	
(millions of US$)	2018	2017	2018	2017
	(unaudited)		(audited)	
Revenues	$ 345.9	$ 315.5	$ 1,368.6	$ 1,222.9
Cost of revenues	(107.9)	(94.0)	(385.8)	(331.8)
Operating, administrative and other expenses	(57.8)	(58.1)	(214.5)	(203.0)
Depreciation and amortization	(34.7)	(33.1)	(137.2)	(119.0)
Impairment of Termoeléctrica de Mexicali	—	—	—	(63.8)
Financing cost, net	(23.7)	(13.7)	(95.4)	(50.7)
Other (losses) gains, net	(25.1)	(40.1)	—	(40.9)
Profit before income tax and share of profits of joint ventures	**96.7**	**76.5**	**535.7**	**413.7**
Income tax expense	(27.9)	(58.1)	(143.1)	(104.2)
Share of profits of joint ventures, net of income tax	19.8	18.3	38.0	44.7
Profit for the period	**$ 88.6**	**$ 36.7**	**$ 430.6**	**$ 354.2**

Segment Information

Segment information is presented after eliminating inter-company transactions.

Profit before Income Tax and Share of Profits of Joint Ventures

(millions of US$)	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
	(unaudited)		(unaudited)	
Gas Segment	$ 119.5	$ 111.1	$ 519.0	$ 519.7
Power Segment	20.2	8.5	84.4	(33.9)
Corporate	(43.0)	(43.1)	(67.7)	(72.1)
	$ 96.7	**$ 76.5**	**$ 535.7**	**$ 413.7**

Gas Segment

In the fourth quarter and full year of 2018, Gas segment profit before income tax and share of profits of joint ventures are in line with the same periods of 2017.

Power Segment

In the fourth quarter of 2018, Power segment profit before income tax and share of profits of joint ventures was $20.2 million, compared with $8.5 million in the same period of 2017. The increase of $11.7 million is mainly due to higher operational results at the Termoeléctrica de Mexicali power plant.

In 2018, Power segment profit before income tax and share of profits of joint ventures was $84.4 million, compared with a loss of $33.9 million in 2017. The increase of $118.3 million is mainly due to the Termoeléctrica de Mexicali power plant impairment and its scheduled major maintenance that both occurred in 2017 and its higher operational results in 2018.

Corporate

In the fourth quarter and full year of 2018, Corporate losses before income tax are in line with the same periods of 2017.

Revenues

(millions of US$, except price per MMBtu[1])	Three months ended December 31, 2018		Three months ended December 31, 2017		Twelve months ended December 31, 2018		Twelve months ended December 31, 2017	
	(unaudited)				(audited)			
Gas Segment	$	261.5	$	249.8	$	1,058.5	$	991.7
Power Segment		83.9		65.3		308.3		229.3
Corporate		0.5		0.4		1.8		1.9
	$	**345.9**	**$**	**315.5**	**$**	**1,368.6**	**$**	**1,222.9**
Natural gas weighted average price USD per MMBtu	$	4.22	$	3.29	$	3.44	$	3.18

(1) MMBtu: Million British thermal units (of natural gas)

Gas Segment

In the fourth quarter of 2018, Gas segment revenues were $261.5 million, compared with $249.8 million in the same period of 2017. The increase of $11.7 million is mainly due to:

- $7.2 million from higher price of natural gas sold,
- $2.6 million from higher natural gas distribution rates, and
- $1.4 million from the acquisition of Ductos y Energéticos del Norte.

In 2018, Gas segment revenues were $1,058.5 million, compared with $991.7 million in 2017. The increase of $66.8 million is mainly due to:

- $31.9 million from higher volume sold of natural gas,
- $11.5 million from the acquisition of Ductos y Energéticos del Norte,
- $6.9 million one-time natural gas distribution rates true-up from prior years at Ecogas Mexicali,
- $6.3 million from higher natural gas distribution rates, and
- $4.6 million from higher transportation and storage rates.

Power Segment

In the fourth quarter of 2018, Power segment revenues were $83.9 million, compared with $65.3 million in the same period of 2017. The increase of $18.6 million is mainly due to:

- $15.1 million from higher prices and volumes at Termoeléctrica de Mexicali power plant, and
- $3.4 million from higher power volumes at Ventika.

In 2018, Power segment revenues were $308.3 million, compared with $229.3 million in 2017. The increase of $79.0 million is mainly due to:

- $70.5 million from higher volumes and prices at Termoeléctrica de Mexicali power plant, and
- $9.0 million from higher power prices at Ventika.

Cost of Revenues

(millions of US$, except cost per MMBtu)	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
	(unaudited)		(audited)	
Gas Segment	$ 70.3	$ 60.1	$ 259.9	$ 230.3
Power Segment	37.6	33.9	125.9	101.5
	$ 107.9	**$ 94.0**	**$ 385.8**	**$ 331.8**
Natural gas weighted average cost USD per MMBtu	$ 3.99	$ 3.12	$ 3.14	$ 3.18

Gas Segment

In the fourth quarter of 2018, Gas segment cost of revenues was $70.3 million, compared with $60.1 million for the same period of 2017. The increase of $10.2 million is mainly due to higher cost of natural gas.

In 2018, Gas segment cost of revenues was $259.9 million, compared with $230.3 million in 2017. The increase of $29.6 million is mainly due to higher volumes sold of natural gas.

Power Segment

In the fourth quarter of 2018, Power segment cost of revenues was $37.6 million, compared with $33.9 million for the same period of 2017. The increase of $3.7 million is mainly due to higher natural gas prices and volume at the Termoeléctrica de Mexicali power plant.

In 2018, Power segment cost of revenues was $125.9 million, compared with $101.5 million in 2017. The increase of $24.4 million is mainly due to higher natural gas volume at the Termoeléctrica de Mexicali power plant.

Consolidated Results

Operating, Administrative and Other Expenses

In the fourth quarter of 2018, operating, administrative and other expenses are in line with the same period of 2017.

In 2018, these expenses were $214.5 million, compared with $203.0 million in 2017. The increase of $11.5 million was mainly due to the 2017 start of operations of new pipelines, other corporate general expenses, and maintenance expenses at Termoeléctrica de Mexicali power plant, partially offset by its scheduled major maintenance in 2017.

Depreciation and Amortization

In the fourth quarter of 2018, depreciation and amortization was $34.7 million, compared with $33.1 million for the same period of 2017. The increase of $1.6 million was mainly due to Termoeléctrica de Mexicali power plant depreciation, which resumed in the second quarter of 2018 after management formalized the decision to no longer hold it for sale.

In 2018, depreciation and amortization was $137.2 million, compared with $119.0 million in 2017. The increase of $18.2 million was mainly due to the 2017 start of operations of new pipelines and the resumption of Termoeléctrica de Mexicali power plant depreciation.

Impairment of Termoeléctrica de Mexicali

In June 2017, the asset value indicated by the Termoeléctrica de Mexicali power plant sale process was determined to be lower than its carrying value. This resulted in a non-cash after-tax impairment charge of $63.8 million in the second quarter of 2017.

Financing Cost, Net

In the fourth quarter of 2018, financing cost, net was $23.7 million, compared with $13.7 million for the same period of 2017. The increase of $10.0 million was mainly due to higher interest rates and a higher corporate debt balance.

In 2018, financing cost, net was $95.4 million, compared with $50.7 million in 2017. The increase of $44.7 million was mainly due to a higher corporate debt balance and higher interest rates, partially offset by higher interest income related to the shareholder's loan granted to South Texas – Tuxpan pipeline.

Other (Losses) Gains, Net

In the fourth quarter of 2018, other losses were $25.1 million, compared with other losses of $40.1 million in the same period of 2017. In 2018, other (losses) gains were $0.0 million, compared with other losses of $40.9 million in 2017. The variations of $15.0 million in the three-month period and $40.9 million in the twelve-month period were related to exchange rate effects, mainly due to a peso-denominated shareholder's loan to fund the South Texas – Tuxpan pipeline, which is offset in Share of Profits of Joint Ventures.

Income Tax Expense

In the fourth quarter of 2018, income tax expense was $27.9 million compared with $58.1 million in the same period of 2017. The decrease of $30.2 million is primarily due to the effect of the deferred income tax balance from the fluctuation in the tax basis of property, plant and equipment at our U.S. dollar functional currency, which we are required to remeasure in each reporting period based on changes in the Mexican peso exchange rate, partially offset by the effect of exchange rate and inflation on monetary assets and liabilities.

In 2018, income tax expense was $143.1 million compared with $104.2 million in 2017. The increase of $38.9 million is primarily due to higher profit before taxes and the effect of the deferred income tax balance from the fluctuation in the tax basis of property, plant and equipment at our U.S. dollar functional currency, which we are required to remeasure in each reporting period based on changes in the Mexican peso exchange rate, partially offset by the effect of exchange rate and inflation on monetary assets and liabilities.

Share of Profits of Joint Ventures, Net of Income Tax

(millions of US$)	Joint Venture With	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
		(unaudited)		(audited)	
Los Ramones Norte pipeline [1]	Blackrock	$ 2.6	$ 3.9	$ 34.3	$ 22.1
South Texas – Tuxpan pipeline	TransCanada	16.3	14.7	(0.1)	19.0
Energía Sierra Juárez wind generation facility	Actis	0.9	(0.3)	3.8	3.6
		$ 19.8	**$ 18.3**	**$ 38.0**	**$ 44.7**

[1] In November 2017, IEnova acquired the remaining 50 percent of Ductos y Energéticos del Norte. Accordingly, IEnova has a 50-percent indirect interest in Los Ramones Norte pipeline.

In the fourth quarter of 2018, our share of profit of joint ventures, net of income tax, was $19.8 million, compared with $18.3 million in the same period of 2017. The increase of $1.5 million is mainly due lower income tax expense in the South Texas – Tuxpan pipeline, partially offset by higher income tax expense, net of the increased ownership of Los Ramones Norte pipeline.

In 2018, our share of profits of joint ventures, net of income tax, was $38.0 million, compared with $44.7 million in 2017. The decrease of $6.7 million is mainly due to the loss in the South Texas – Tuxpan pipeline from foreign exchange rate effects primarily related to a peso-denominated shareholder's loan, partially offset by the increased ownership of Los Ramones Norte pipeline. The foreign exchange rate effects are offset in Other (Losses) Gains, net.

Condensed Consolidated Statements of Financial Position

(thousands of US$)	December 31, 2018 (audited)	December 31, 2017 (audited)
Assets		
Current assets		
Cash and cash equivalents	$ 51,681	$ 37,208
Short-term investments	83	1,081
Trade and other receivables, net	153,649	94,793
Taxes receivable	151,713	121,542
Other current assets (1)	106,815	112,199
Assets held for sale (2)	—	148,190
Total current assets	**463,941**	**515,013**
Non-current assets		
Due from unconsolidated affiliates	646,297	493,887
Finance lease receivables	932,375	942,184
Deferred income tax assets	80,853	97,334
Investments in joint ventures	608,708	523,102
Property, plant and equipment, net	4,086,914	3,729,456
Goodwill	1,638,091	1,638,091
Other non-current assets (3)	311,418	224,792
Total non-current assets	**8,304,656**	**7,648,846**
Total assets	**$ 8,768,597**	**$ 8,163,859**
Liabilities and Stockholders' Equity		
Short-term debt	$ 870,174	$ 262,760
Due to unconsolidated affiliates	310,696	544,217
Other current liabilities (4)	264,761	184,418
Liabilities held for sale (2)	—	62,522
Total current liabilities	**1,445,631**	**1,053,917**
Non-current liabilities		
Long-term debt	1,675,192	1,732,040
Due to unconsolidated affiliates	75,161	73,510
Deferred income tax liabilities	566,892	551,614
Other non-current liabilities(5)	251,971	236,191
Total non-current liabilities	**2,569,216**	**2,593,355**
Total liabilities	**4,014,847**	**3,647,272**
Stockholders' equity		
Common stock	963,272	963,272
Additional paid-in capital	2,351,801	2,351,801
Treasury shares	(7,190)	—
Accumulated other comprehensive (loss)	(104,105)	(114,556)
Retained earnings	1,536,662	1,316,070
Total equity attributable to owners	**4,740,440**	**4,516,587**
Non-controlling interests	13,310	—
Total equity of the company	**$ 4,753,750**	**$ 4,516,587**
Total liabilities and equity	**$ 8,768,597**	**$ 8,163,859**

(1) Other current assets include restricted cash, carbon allowances - current, amounts due from unconsolidated affiliates, other current assets, natural gas inventories, finance lease receivables (current), and derivative financial instruments.
(2) On June 1, 2018, management formalized its decision to suspend the sale of Termoeléctrica de Mexicali power plant, and the assets and liabilities that were previously classified as held for sale were reclassified as held and used.
(3) Other non-current assets include intangible assets, other non-current assets, carbon allowances - non-current and derivative financial instruments.
(4) Other current liabilities include trade and other payables, carbon allowances - current, other taxes payable, other financial liabilities, income tax liabilities, other current liabilities, derivative financial instruments and provisions.
(5) Other non-current liabilities include derivative financial instruments, provisions, carbon allowances - non-current, employee benefits and other non-current liabilities.

Liquidity and Capital Resources

We are a holding company. As a result, our ability to meet our obligations and to fund our capital needs depends on our ongoing ability to generate cash from operations, the terms of our financing arrangements, and our access to capital markets.

Sources and Uses of Cash

(millions of US$)	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
	(unaudited)		(audited)	
Cash and cash equivalents at the beginning of the period	**$ 41.8**	**$ 38.4**	**$ 37.2**	**$ 24.9**
Net cash provided by operating activities	161.8	232.0	625.0	586.2
Net cash used in investing activities	(137.3)	(405.3)	(597.5)	(974.9)
Net cash (used in) provided by financing activities	(23.6)	186.7	(34.0)	406.6
Effects of exchange rate changes on cash and cash equivalents	9.0	(14.6)	21.0	(5.6)
Cash and cash equivalents at the end of the period	**$ 51.7**	**$ 37.2**	**$ 51.7**	**$ 37.2**

Operating Activities

In the fourth quarter of 2018, net cash provided by operating activities was $161.8 million, compared with $232.0 million in the same period of 2017, mainly due to changes in working capital partially offset by higher operational results.

In 2018, net cash provided by operating activities was $625.0 million, compared with $586.2 million in 2017, mainly due to higher operational results and lower income tax paid, partially offset by changes in working capital.

Investing Activities

In the fourth quarter of 2018, net cash used in investing activities was $137.3 million, mainly due to capital expenditures of $123.9 million primarily related to the new solar and liquid terminal projects and the funding of $49.3 million in the South Texas – Tuxpan pipeline, partially offset by a restricted cash reduction of $31.9 million.

In the fourth quarter of 2017, net cash used in investing activities was $405.3 million, due to a $205.9 million shareholder's loan to fund the South Texas – Tuxpan pipeline, $147.6 million from the acquisition of the remaining 50 percent of Ductos y Energéticos del Norte, net of cash available at the closing date, and capital expenditures of $44.8 million mainly related to our four pipelines: Ojinaga – El Encino, Sonora Guaymas – El Oro segment, San Isidro – Samalayuca and Empalme lateral.

In 2018, net cash used in investing activities was $597.5 million, mainly due to capital expenditures of $456.4 million primarily related to the new solar and liquid terminal projects and the funding of $174.9 million in the South Texas – Tuxpan pipeline, partially offset by a restricted cash reduction of $29.5 million.

In 2017, net cash used in investing activities was $974.9 million, mainly due to $578.1 million to fund the South Texas – Tuxpan pipeline and capital expenditures of $253.0 million primarily related to our Ojinaga – El Encino pipeline, Sonora pipeline Guaymas – El Oro segment, San Isidro – Samalayuca pipeline, Empalme lateral pipeline and Veracruz marine terminal project and $147.6 million for the acquisition of the remaining 50 percent of Ductos y Energéticos del Norte, net of cash available at the closing date.

Financing Activities

In the fourth quarter of 2018, net cash used in financing activities was $23.6 million, due to $179.2 million repayment of loans from unconsolidated affiliates, interest paid of $19.6 million and the repurchase of shares of $7.2 million, partially offset by $182.4 million in net borrowings against credit facilities.

In the fourth quarter of 2017, net cash provided by financing activities was $186.7 million due to $807.4 million of international senior note offerings, net of expenses, $52.8 million in net borrowings from unconsolidated affiliates, net payments to bank loans of $559.2 million, payment to Pemex Transformación Industrial loan of $95.8 million as part of the acquisition of the remaining 50 percent of Ductos y Energéticos del Norte, and interest paid of $18.4 million.

In 2018, net cash used in financing activities was $34.0 million, mainly due to $242.0 million in net repayments of loans from unconsolidated affiliates, a dividend payment of $210.0 million, the five-year CEBURES payment at maturity of $102.1 million and interest paid of $85.0, partially offset by $612.4 million in net borrowings against credit facilities.

In 2017, net cash provided by financing activities was $406.6 million, due to $807.4 million of international senior note offerings, net of expenses, $331.2 million in net borrowings from unconsolidated affiliates, $360.5 million net bank loan payments, a dividend payment of $200.0 million, payment to Pemex Transformación Industrial loan of $95.8 million as part of the acquisition of the remaining 50 percent of Ductos y Energéticos del Norte, and interest paid of $75.6 million.

Reconciliation of Profit for the Period to EBITDA and Adjusted EBITDA

(millions of US$)	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
	(unaudited)		(unaudited)	
EBITDA reconciliation				
Profit for the period	$ 88.6	$ 36.7	$ 430.6	$ 354.2
Depreciation and amortization	34.7	33.1	137.2	119.0
Impairment of Termoeléctrica de Mexicali	—	—	—	63.8
Financing cost, net	23.7	13.7	95.4	50.7
Other losses (gains), net	25.1	40.1	—	40.9
Income tax expense	27.9	58.1	143.1	104.2
Share of (profits) of joint ventures, net of income tax	(19.8)	(18.3)	(38.0)	(44.7)
(1) EBITDA	**180.2**	**163.4**	**768.3**	**688.1**
JV EBITDA Adjustment reconciliation				
Profit for the period	19.8	18.3	38.0	44.7
Depreciation and amortization	1.3	1.6	6.3	6.2
Financing cost, net	9.0	10.3	34.6	30.1
Other (gains), net	(25.4)	(16.1)	(3.2)	(16.9)
Income tax expense	23.0	4.8	32.4	6.4
(2) JV EBITDA Adjustment	**27.7**	**18.9**	**108.1**	**70.5**
(1+2) Adjusted EBITDA	**$ 207.9**	**$ 182.3**	**$ 876.4**	**$ 758.6**

Internal Controls

Our management is responsible for maintaining a system of internal control over financial reporting. This system gives our shareholders reasonable assurance that our transactions are executed and maintained in accordance with the guidelines set forth by our management and that our financial records are reliable as a basis for preparing our financial statements.

The system of internal control over financial reporting is supported by ongoing audits, the results of which are reported to management throughout the year. In addition, we maintain reliable databases and have systems designed to generate key financial information.