2019

FOURTH QUARTER RESULTS

Ticker BMV: IENOVA

February 19, 2020

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$)	Three months ended December 31, (unaudited) 2019	2018	% Var.	Twelve months ended December 31, (unaudited) 2019	2018	% Var.
Adjusted EBITDA	253.4	207.9	22 %	938.2	876.4	7 %
Profit for the period	143.7	88.6	62 %	467.7	430.6	9 %
Revenues	326.9	345.9	(5) %	1,379.3	1,368.6	1 %

- In the fourth quarter of 2019, Adjusted EBITDA increased 22 percent to $253.4 million, compared with $207.9 million in the same period of 2018. The increase of $45.5 million was mainly due to the start of operations of the South Texas - Tuxpan pipeline and higher operational results at Ventika, partially offset by the revenue deferment at the Guaymas - El Oro pipeline.
- In 2019, Adjusted EBITDA increased 7 percent to $938.2 million, compared with $876.4 million in 2018. The increase of $61.8 million was mainly due to the start of operations of the South Texas - Tuxpan pipeline, Pima, Rumorosa and Tepezala Solar power generation facilities, higher operational results at Termoeléctrica de Mexicali power plant and Ventika, partially offset by the revenue deferment at the Guaymas - El Oro pipeline.
- In the fourth quarter of 2019, profit was $143.7 million, compared with $88.6 million in the same period of 2018. The increase of $55.1 million was mainly due to the EBITDA drivers mentioned above, non-cash exchange rate effects and lower financing cost.
- In 2019, profit was $467.7 million, compared with $430.6 million in 2018. The increase of $37.1 million was mainly due to the EBITDA drivers mentioned above, non-cash exchange rate effects and lower financing cost, partially offset by higher depreciation expense.
- In the fourth quarter of 2019, revenues were $326.9 million, compared with $345.9 million in the same period of 2018. The decrease of $19.0 million was mainly due to the revenue deferment at the Guaymas - El Oro pipeline and lower revenue at Termoeléctrica de Mexicali power plant due to lower prices and volume, partially offset by higher revenue at Ventika.
- In 2019, revenues were $1,379.3 million, compared with $1,368.6 million in 2018. The increase of $10.7 million was mainly due to the start of operations of the Pima, Rumorosa and Tepezala Solar power generation facilities; natural gas higher volume, net of lower prices; higher natural gas distribution rates; and higher revenue at Ventika, partially offset by the revenue deferment at the Guaymas - El Oro pipeline.
- In March 2019, ECA Liquefaction project received U.S. authorizations for natural gas export to Mexico and re-export to Non-FTA Countries. In 2018 the Company and Sempra LNG & Midstream signed three Heads of Agreements with Total, Mitsui and Tokyo Gas for the full export capacity of Phase 1 of ECA Liquefaction.
- In April 2019, the Company entered into a revolving credit agreement with Scotiabank, for up to $100 million.
- In April 2019, the Company was included, for the fifth consecutive year, in the Mexican Stock Exchange's 2019 Sustainability Index "S&P/BMV IPC Sustentable".

- During the second quarter of 2019, the Company executed two long-term contracts with BP and Marathon for the receipt, storage, and delivery of refined products, securing the full capacity of the Manzanillo terminal. With an investment of approximately $285 million, the terminal is expected to begin commercial operations, subject to the timing of issuance of the permits, in the first half of 2021.
- In April 2019, the Company executed a long-term contract with BP for the receipt, storage, and delivery of refined products in the terminal that the Company is developing in Guadalajara, Jalisco. The terminal's total capacity will be defined once additional commercial agreements with prospective customers have been completed.
- In June 2019, the Company announced the expansion plan for ECOGAS to connect approximately forty thousand new customers during the next years, with an investment of approximately $80 million.
- In August 2019, the Company executed a Term Suspension Agreement with CFE for the Natural Gas Transportation Services Agreement for the Guaymas - El Oro gas pipeline. This agreement was executed to take all necessary actions to resume operation of the pipeline and to avoid the termination of the contract. In January 2020, the Guaymas - El Oro contract suspension was extended until May 15, 2020.

  In September 2019, the Company executed an agreement with CFE in relation to the Transportation Service Agreement corresponding to the Guaymas - El Oro establishing a new tariff structure and a 10-year contract extension. Such agreement fulfill both parties' interests while maintaining the overall integrity and economics of the original contract.
- In September 2019, the Company executed an agreement with CFE in relation to the Transportation Service Agreements corresponding to the South Texas - Tuxpan marine pipeline establishing a new tariff structure and a 10-year contract extension. In September 2019, the South Texas - Tuxpan pipeline reached commercial operations under the new commercial agreement with CFE.
- In September 2019, the Company entered into a two-year revolving credit agreement for up to $280 million with The Bank of Nova Scotia.
- During the second half of 2019, the Company announced Border Solar, a fully-contracted 150 megawatt solar project, representing a total investment of approximately $160 million. The project will supply energy to Circle K, Liverpool, Envases Universales and Grupo Cementos de Chihuahua.
- In November 2019, the Company entered into 15-year credit facilities for $200 million with International Finance Corporation, a member of the World Bank Group, and North American Development Bank. This is the first loan certified under the Green Loan Principles that IFC grants to a company in Mexico.
- In December 2019, our Los Ramones Norte natural gas pipeline, a joint venture between the Company and Brookfield, issued $332 million dollars of 20-year senior secured notes in an international private placement that was fully subscribed by investors from the U.S., Germany, France and Canada, including affiliates and clients of Allianz Global Investors. In October 2019, Brookfield Asset Management acquired a 50 percent participation in Los Ramones Norte pipeline from BlackRock
- The Company's total assets increased by $0.8 billion, from $8.8 billion as of December 2018 to $9.6 billion as of December 2019.
- The Company paid a cash dividend of $220 million in November 2019.

EBITDA and Adjusted EBITDA

(millions of US$)	Three months ended December 31, (unaudited)		Twelve months ended December 31, (unaudited)	
	2019	2018	2019	2018
Gas Segment	$ 148.3	$ 144.9	$ 611.9	$ 626.8
Power Segment	36.0	34.8	167.1	141.9
Corporate	—	0.5	(1.1)	(0.4)
EBITDA [1]	**$ 184.3**	**$ 180.2**	**$ 777.9**	**$ 768.3**
JV EBITDA adjustment [1]	69.1	27.7	160.3	108.1
Adjusted EBITDA [1]	**$ 253.4**	**$ 207.9**	**$ 938.2**	**$ 876.4**

Gas Segment

In the fourth quarter of 2019, Gas segment EBITDA was $148.3 million, compared with $144.9 million in the same period of 2018. The increase of $3.4 million was mainly due to higher transportation revenue, partially offset by the revenue deferment at the Guaymas - El Oro pipeline.

In 2019, Gas segment EBITDA was $611.9 million, compared with $626.8 million in 2018. The decrease of $14.9 million was mainly due to the revenue deferment at the Guaymas - El Oro pipeline, partially offset by higher natural gas distribution rates.

Power Segment

In the fourth quarter of 2019, Power segment EBITDA was $36.0 million, compared with $34.8 million in the same period of 2018. The increase of $1.2 million was mainly due to higher operational results at Ventika, partially offset by lower operational results at Termoeléctrica de Mexicali power plant.

In 2019, Power segment EBITDA was $167.1 million, compared with $141.9 million in 2018. The increase of $25.2 million was mainly due higher operational results at the Termoeléctrica de Mexicali power plant and Ventika, and the start of operations of the Pima, Rumorosa and Tepezala Solar power generation facilities.

Joint Ventures

In the fourth quarter of 2019, Joint Ventures EBITDA was $69.1 million, compared with $27.7 million in the same period of 2018. In 2019 Joint Ventures EBITDA was $160.3 million, compared with $108.1 million in 2018. The increases of $41.4 million in the three-month period and $52.2 million in the twelve-month period were mainly due to the start of operations of the South Texas - Tuxpan pipeline.

[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) financing cost, net, (3) other losses (gains), net, (4) income tax expense and (5) 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 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, (unaudited)		Twelve months ended December 31, (unaudited)	
(millions of US$)	2019	2018	2019	2018
Revenues	$ 326.9	$ 345.9	$ 1,379.3	$ 1,368.6
Cost of revenues	(94.7)	(107.9)	(391.1)	(385.8)
Operating, administrative and other expenses	(47.9)	(57.8)	(210.3)	(214.5)
Depreciation and amortization	(40.2)	(34.7)	(155.8)	(137.2)
Financing cost, net	(13.8)	(23.7)	(87.2)	(95.4)
Other gains (losses), net	28.6	(25.1)	25.6	—
Profit before income tax and share of profits of joint ventures	**158.9**	**96.7**	**560.5**	**535.7**
Income tax expense	(19.4)	(27.9)	(132.6)	(143.1)
Share of profits of joint ventures, net of income tax	4.2	19.8	39.8	38.0
Profit for the period	**$ 143.7**	**$ 88.6**	**$ 467.7**	**$ 430.6**

Segment Information

Segment information is presented after eliminating inter-company transactions.

Profit before Income Tax and Share of Profits of Joint Ventures

	Three months ended December 31, (unaudited)		Twelve months ended December 31, (unaudited)	
(millions of US$)	2019	2018	2019	2018
Gas Segment	$ 119.1	$ 119.5	$ 492.6	$ 519.0
Power Segment	21.1	20.2	106.2	84.4
Corporate	18.7	(43.0)	(38.3)	(67.7)
	$ 158.9	**$ 96.7**	**$ 560.5**	**$ 535.7**

Gas Segment

In the fourth quarter of 2019, Gas segment profit before income tax and share of profits of joint ventures was $119.1 million, compared with $119.5 million in the same period of 2018. The decrease of $0.4 million was mainly due to the revenue deferment at the Guaymas - El Oro pipeline, partially offset by higher transportation revenue and lower financing cost.

In 2019, Gas segment profit before income tax and share of profits of joint ventures was $492.6 million, compared with $519.0 million in 2018. The decrease of $26.4 million was mainly due to the revenue deferment at the Guaymas - El Oro pipeline, non-cash exchange rate effects and higher depreciation expense, partially offset by lower financing cost.

Power Segment

In the fourth quarter of 2019, Power segment profit before income tax and share of profits of joint ventures was $21.1 million, compared with $20.2 million in the same period of 2018. The increase of $0.9 million was mainly due to higher operational results at Ventika, partially offset by lower operational results at Termoeléctrica de Mexicali power plant.

In 2019, Power segment profit before income tax and share of profits of joint ventures was $106.2 million, compared with $84.4 million in 2018. The increase of $21.8 million was mainly due to higher operational results at Termoeléctrica de Mexicali power plant and Ventika, and the start of operations of the Pima, Rumorosa and Tepezala Solar power generation facilities.

Corporate

In the fourth quarter of 2019, Corporate segment gain before income tax was $18.7 million, compared with a loss of $43.0 million in the same period of 2018. In 2019, Corporate segment loss before income tax was $38.3 million, compared with a loss of $67.7 million in 2018. The variances of $61.7 million in the three-month period and $29.4 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, and lower financing cost.

Revenues

(millions of US$, except price per MMBtu[1])	Three months ended December 31, (unaudited) 2019	2018	Twelve months ended December 31, (unaudited) 2019	2018
Gas Segment	$ 248.2	$ 261.5	$ 1,054.2	$ 1,058.5
Power Segment	78.2	83.9	323.2	308.3
Corporate	0.5	0.5	1.9	1.8
	$ 326.9	**$ 345.9**	**$ 1,379.3**	**$ 1,368.6**
Natural gas weighted average price[2]	$ 3.24	$ 4.22	$ 3.10	$ 3.44

(1) MMBtu: Million British thermal units (of natural gas)
(2) Natural gas prices in USD per MMBtu

Gas Segment

In the fourth quarter of 2019, Gas segment revenues were $248.2 million, compared with $261.5 million in the same period of 2018. The decrease of $13.3 million was mainly due to:

- $14.0 million from revenue deferment at the Guaymas - El Oro pipeline, and
- $7.2 million from lower price, net of higher volume of natural gas sold, partially offset by
- $5.6 million from higher transportation revenue due to higher rates and interruptible services.

In 2019, Gas segment revenues were $1,054.2 million, compared with $1,058.5 million in 2018. The decrease of $4.3 million was mainly due to:

- $23.3 million from revenue deferment at the Guaymas - El Oro pipeline, partially offset by
- $9.0 million from natural gas higher volume, net of lower price, and
- $6.8 million primarily from higher natural gas distribution rates.

Power Segment

In the fourth quarter of 2019, Power segment revenues were $78.2 million, compared with $83.9 million in the same period of 2018. The decrease of $5.7 million was mainly due to:

- $13.9 million from lower prices and volume at the Termoeléctrica de Mexicali power plant, partially offset by
- $7.4 million from Ventika primarily due to availability guarantee.

In 2019, Power segment revenues were $323.2 million, compared with $308.3 million in 2018. The increase of $14.9 million was mainly due to:

- $11.1 million from the start of operations of the Pima, Rumorosa and Tepezala Solar power generation facilities, and

- $5.7 million from Ventika primarily due to availability guarantee.

Cost of Revenues

	Three months ended December 31, (unaudited)		Twelve months ended December 31, (unaudited)	
(millions of US$, except cost per MMBtu[1])	2019	2018	2019	2018
Gas Segment	$ 63.5	$ 70.3	$ 274.7	$ 259.9
Power Segment	31.2	37.6	116.4	125.9
	$ 94.7	**$ 107.9**	**$ 391.1**	**$ 385.8**
Natural gas weighted average cost [2]	$ 2.94	$ 3.99	$ 2.87	$ 3.14

(1) MMBtu: Million British thermal units (of natural gas)
(2) Natural gas prices in USD per MMBtu

Gas Segment

In the fourth quarter of 2019, Gas segment cost of revenues was $63.5 million, compared with $70.3 million for the same period of 2018. The decrease of $6.8 million was mainly due to lower cost, net of higher volume of natural gas.

In 2019, Gas segment cost of revenues was $274.7 million, compared with $259.9 million in 2018. The increase of $14.8 million was mainly due to higher volume, net of lower cost of natural gas.

Power Segment

In the fourth quarter of 2019, Power segment cost of revenues was $31.2 million, compared with $37.6 million for the same period of 2018. The decrease of $6.4 million was mainly due to lower natural gas cost and volume at Termoeléctrica de Mexicali power plant.

In 2019, Power segment cost of revenues was $116.4 million, compared with $125.9 million in 2018. The decrease of $9.5 million was mainly due to lower natural gas cost at Termoeléctrica de Mexicali power plant.

Consolidated Results

Operating, Administrative and Other Expenses

In the fourth quarter of 2019, operating, administrative and other expenses were $47.9 million compared with $57.8 million in the same period of 2018. The decrease of $9.9 million was mainly due to the adoption of the new lease accounting standard *IFRS 16* in 2019, lower maintenance and other corporate general expenses, partially offset by expenses related to the start of operations of Pima, Rumorosa and Tepezala Solar power generation facilities.

In 2019, operating, administrative and other expenses were $210.3 million compared with $214.5 million in 2018. The decrease of $4.2 million was mainly due to the adoption of the new lease accounting standard *IFRS 16* in 2019 and a one-time effect of a new long-term maintenance and service agreement at Termoeléctrica de Mexicali power plant, partially offset by expenses related to the start of operations of Pima, Rumorosa and Tepezala Solar power generation facilities and the delay in the start of operations of Tepezala.

Depreciation and Amortization

In the fourth quarter of 2019, depreciation and amortization was $40.2 million, compared with $34.7 million for the same period of 2018. The increase of $5.5 million was mainly due to the start of operations of the Pima, Rumorosa and Tepezala Solar power generation facilities and the adoption of the new lease accounting standard *IFRS 16* in 2019.

In 2019, depreciation and amortization was $155.8 million, compared with $137.2 million in 2018. The increase of $18.6 million was mainly due to the adoption of the new lease accounting standard *IFRS 16* in 2019, the start of operations of the Pima, Rumorosa and Tepezala Solar power generation facilities, and 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.

Financing Cost, Net

In the fourth quarter of 2019, financing cost, net was $13.8 million, compared with $23.7 million in the same period of 2018. The decrease of $9.9 million was mainly due to higher interest income related to the shareholder's loan granted to South Texas – Tuxpan pipeline.

In 2019, net financing cost was $87.2 million compared with $95.4 million in 2018. The decrease of $8.2 million was mainly due to higher interest income related to the shareholder's loan granted to South Texas – Tuxpan pipeline, partially offset by the adoption of the new lease accounting standard *IFRS 16* in 2019.

Other Gains (Losses), Net

In the fourth quarter of 2019, other gains were $28.6 million, compared with other losses of $25.1 million in the same period of 2018. The variance of $53.7 million was 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.

In 2019, other gains were $25.6 million, compared with other gains of $0.0 million in 2018. The variance of $25.6 million was 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 2019, income tax expense was $19.4 million compared with $27.9 million in the same period of 2018. The decrease of $8.5 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 and the effect of tax incentives, partially offset by the exchange rate and inflation on monetary assets and liabilities.

In 2019, income tax expense was $132.6 million compared with $143.1 million in 2018. The decrease of $10.5 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 and the effect of tax incentives, partially offset by the exchange rate on monetary assets and liabilities.

Share of Profits of Joint Ventures, Net of Income Tax

		Three months ended December 31, (unaudited)		Twelve months ended December 31, (unaudited)	
(millions of US$)	Joint Venture with	2019	2018	2019	2018
Los Ramones Norte pipeline	Brookfield[1]	6.6	2.6	$ 37.3	$ 34.3
South Texas – Tuxpan pipeline	TC Energy	(2.2)	16.3	(0.4)	(0.1)
Energía Sierra Juárez wind generation facility	Actis	0.6	0.9	4.0	3.8
ECA Liquefaction[2]	Sempra Energy	(0.8)	—	(1.1)	—
		$ 4.2	**$ 19.8**	**$ 39.8**	**$ 38.0**

[1] In October 2019, Brookfield Asset Management acquired a 50 percent participation in Los Ramones Norte pipeline from BlackRock.
[2] In February 2019, IEnova and Sempra Energy formed a new Joint Venture for the ECA Liquefaction project, with a participation of 50% each.

In the fourth quarter of 2019, our share of profit of joint ventures, net of income tax, was $4.2 million, compared with $19.8 million in the same period of 2018. The decrease of $15.6 million is mainly due to the South Texas – Tuxpan pipeline from foreign exchange rate effects primarily related to a peso-denominated shareholder's loan, partially offset by its start of operation. The foreign exchange rate effects are offset in Other Gains (Losses), net.

In 2019, our share of profit of joint ventures, net of income tax, was $39.8 million compared with $38.0 million in 2018. The increase of $1.8 million is mainly due to the South Texas – Tuxpan pipeline start of operation, offset by its foreign exchange rate effects primarily related to a peso-denominated shareholder's loan. The foreign exchange rate effects are offset in Other Gains (Losses), net.

Condensed Consolidated Statements of Financial Position

(thousands of US$)	December 31, 2019 (unaudited)	December 31, 2018 (audited)
Assets		
Current assets		
Cash and cash equivalents	$ 57,966	$ 51,764
Trade and other receivables, net	139,407	153,649
Taxes receivable	154,947	151,713
Other current assets [(1)]	113,261	106,815
Total current assets	**465,581**	**463,941**
Non-current assets		
Due from unconsolidated affiliates	744,609	646,297
Finance lease receivables	921,270	932,375
Deferred income tax assets	89,898	80,853
Investments in joint ventures	625,802	608,708
Property, plant and equipment, net	4,637,962	4,086,914
Goodwill	1,638,091	1,638,091
Other non-current assets [(2)]	429,293	311,418
Total non-current assets	**9,086,925**	**8,304,656**
Total assets	**$ 9,552,506**	**$ 8,768,597**
Liabilities and Stockholders' Equity		
Short-term debt	$ 1,235,379	$ 870,174
Due to unconsolidated affiliates	24,471	310,696
Other current liabilities [(3)]	333,682	264,761
Total current liabilities	**1,593,532**	**1,445,631**
Non-current liabilities		
Long-term debt	1,818,331	1,675,192
Due to unconsolidated affiliates	233,597	75,161
Deferred income tax liabilities	565,957	566,892
Other non-current liabilities[(4)]	383,852	251,971
Total non-current liabilities	**3,001,737**	**2,569,216**
Total liabilities	**4,595,269**	**4,014,847**
Stockholders' equity		
Common stock	955,239	963,272
Additional paid-in capital	2,342,883	2,351,801
Treasury shares	—	(7,190)
Accumulated other comprehensive (loss)	(130,919)	(104,105)
Retained earnings	1,777,280	1,536,662
Total equity attributable to owners	**4,944,483**	**4,740,440**
Non-controlling interests	12,754	13,310
Total equity of the company	**$ 4,957,237**	**$ 4,753,750**
Total liabilities and equity	**$ 9,552,506**	**$ 8,768,597**

(1) Other current assets includes finance lease receivables - current, amounts due from unconsolidated affiliates, natural gas inventories, derivative financial instruments, carbon allowances - current, other current assets and restricted cash.
(2) Other non-current assets includes derivative financial instruments, other non-current assets, right of use assets, carbon allowances - non-current, intangible assets and restricted cash.
(3) Other current liabilities includes trade and other payables, income tax liabilities, lease liabilities - current, derivative financial instruments, other financial liabilities, provisions current, other taxes payable, carbon allowances - current and other current liabilities.
(4) Other non-current liabilities includes lease liabilities - non current, carbon allowances - non current, provisions - non current, derivative financial instruments, 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 financing sources.

Sources and Uses of Cash

	Three months ended December 31, (unaudited)		Twelve months ended December 31, (unaudited)	
(millions of US$)	2019	2018	2019	2018
Cash, cash equivalents and restricted cash at the beginning of the period	**$ 93.2**	**$ 104.1**	**$ 78.0**	**$ 94.1**
Net cash provided by operating activities	211.0	161.8	706.7	625.0
Net cash used in investing activities	(200.2)	(173.2)	(655.0)	(628.1)
Net cash (used in) provided by financing activities	(11.6)	(23.6)	6.6	(34.0)
Effects of exchange rate changes on cash and cash equivalents	(0.9)	8.9	(44.8)	21.0
Cash, cash equivalents and restricted cash at the end of the period	**$ 91.5**	**$ 78.0**	**$ 91.5**	**$ 78.0**

Operating Activities

In the fourth quarter of 2019, net cash provided by operating activities was $211.0 million, compared with $161.8 million in the same period of 2018, mainly due to changes in working capital, partially offset by higher income tax payments.

In 2019, net cash provided by operating activities was $706.7 million, compared with $625.0 million in 2018, mainly due to changes in working capital, partially offset by higher income tax payments.

Investing Activities

In the fourth quarter of 2019, net cash used in investing activities was $200.2 million, mainly due to capital expenditures of $178.2 million primarily related to the liquid terminals and solar projects, and the funding of $40.5 million in the ECA liquefaction project, partially offset by $18.7 million interest payments from the shareholder's loan granted to South Texas – Tuxpan pipeline.

In the fourth quarter of 2018, net cash used in investing activities was $173.2 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.

In 2019, net cash used in investing activities was $655.0 million, mainly due to capital expenditures of $613.6 million primarily related to the solar and liquid terminal projects, and the funding of $49.1 million in the ECA liquefaction project and $15.8 million South Texas - Tuxpan pipeline, partially offset by $18.7 million interest payment from the shareholder's loan granted to South Texas – Tuxpan pipeline.

In 2018, net cash used in investing activities was $628.1 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.

Financing Activities

In the fourth quarter of 2019, net cash used in financing activities was $11.6 million, mainly due to a dividend payment of $220.0 million and $33.1 million of interest paid, partially offset by $221.1 million of net proceeds from bank financing and $23.1 million net proceeds of loans from unconsolidated affiliates.

In the fourth quarter of 2018, net cash used by financing activities was $23.6 million due to $179.2 million repayment of loans to 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 2019, net cash provided by financing activities was $6.6 million, mainly due to $510.0 million of net proceeds from bank financing, partially offset by a dividend payment of $220.0 million, $133.8 million of interest paid, $112.4 million net of loans with unconsolidated affiliates, $27.4 million of lease payments and $9.8 million of share repurchases.

In 2018, net cash used by 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 million, partially offset by $612.4 million in net borrowings against credit facilities.

Reconciliation of Profit for the Period to EBITDA and Adjusted EBITDA

	Three months ended December 31, (unaudited)		Twelve months ended December 31, (unaudited)	
(millions of US$)	2019	2018	2019	2018
EBITDA reconciliation				
Profit for the period	$ 143.7	$ 88.6	$ 467.7	$ 430.6
Depreciation and amortization	40.2	34.7	155.8	137.2
Financing cost, net	13.8	23.7	87.2	95.4
Other (gains) losses, net	(28.6)	25.1	(25.6)	—
Income tax expense	19.4	27.9	132.6	143.1
Share of (profits) of joint ventures, net of income tax	(4.2)	(19.8)	(39.8)	(38.0)
(1) EBITDA	**184.3**	**180.2**	**777.9**	**768.3**
JV EBITDA Adjustment reconciliation				
Profit for the period	4.2	19.8	39.8	38.0
Depreciation and amortization	7.6	1.3	14.4	6.3
Financing cost, net	40.2	9.0	65.9	34.6
Other losses (gains), net	24.8	(25.4)	26.5	(3.2)
Income tax expense	(7.7)	23.0	13.7	32.4
(2) JV EBITDA Adjustment	**69.1**	**27.7**	**160.3**	**108.1**
(1+2) Adjusted EBITDA	**$ 253.4**	**$ 207.9**	**$ 938.2**	**$ 876.4**

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.