

Third Quarter 2014 Financial Results

October 23, 2014

Information regarding forward-looking statements

This presentation contain statements that are not historical fact and constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. These statements can be identified by words like “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates,” “may,” “will,” “would,” “could,” “should,” “potential,” “target,” “outlook”, “depends,” “pursue,” “goals” or similar expressions, or discussions of our guidance, strategies, plans, goals, initiatives, objectives or intentions. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. Forward-looking statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others: local, regional, national and international economic, competitive, political, legislative and regulatory conditions and developments; actions by the Mexican Energy Ministry (Secretaría de Energía), the Mexican Energy Regulatory Commission (Comisión Reguladora de Energía), the Mexican Environmental Protection Ministry (Secretaría de Medio Ambiente y Recursos Naturales), Mexican Federal Electricity Commission (Comisión Federal de Electricidad), the California Public Utilities Commission, California State Legislature, Federal Energy Regulatory Commission, U.S. Department of Energy, California Energy Commission, California Air Resources Board, and other regulatory, governmental and environmental bodies in the United States and Mexico; capital market conditions, including the availability of credit and the liquidity of our investments; inflation, interest and exchange rates; the impact of benchmark interest rates on our cost of capital; the timing and success of business development efforts and construction, maintenance and capital projects, including risks inherent in the ability to obtain, and the timing of granting of, permits, licenses, certificates and other authorizations; energy markets, including the timing and extent of changes and volatility in commodity prices; the availability of electric power, natural gas and liquefied natural gas, including disruptions caused by failures in the electric transmission grid, pipeline explosions and equipment failures; weather conditions, natural disasters, catastrophic accidents, and conservation efforts; wars, terrorist attacks and cybersecurity threats; business, regulatory, environmental and legal decisions and requirements; governmental expropriation of assets and title and other property disputes; the inability or determination not to enter into long-term supply and sales agreements; the resolution of litigation; and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the company. These forward-looking statements speak only as of the date hereof, and the company undertakes no obligation to update or revise those forward looking statements whether as a result of new information, future events or otherwise. These risks and uncertainties are further discussed in the draft prospectus that IEnova has filed with the Mexican National Banking and Securities Commission. These reports are also available through the Mexican National Banking and Securities Commission’s website, www.bmv.com.mx, the website of the Mexican Stock Exchange at www.bmv.com.mx and on the company’s website at www.ienova.com.mx.

These forward-looking statements speak only as of the date hereof, and the company undertakes no obligation to update or revise these forecasts or projections or other forward-looking statements, whether as a result of new information, future events or otherwise.

Outline

- Third-quarter 2014 financial results
- Status of projects under development and construction
- CFE bid updates

Third-quarter 2014 results

	Three months ended September 30,	
	2014	2013
<i>(Unaudited; net profit in millions of dollars, share count in millions, EPS in dollars)</i>		
Adjusted EBITDA	\$ 92	\$ 88
Profit for the period	\$ 64	\$ 57
<hr/>		
Shares outstanding	1,154	1,154
Earnings per share (EPS)	\$ 0.06	\$ 0.05

- Adjusted EBITDA for the third-quarter 2014 was \$92 million, up from \$88 million in the same period of 2013, mainly due to improved results in the Power segment
- Profit for the third-quarter 2014 was \$64 million, compared to \$57 million in the same period of 2013; the increase was mainly due to:
 - the gain on the sale of 50% of our interest in the Energía Sierra Juárez wind generation project;
 - improved results at the Power segment;
 - partially offset by higher income tax expense both at our Joint Venture with PEMEX and at IEnova

(1) Adjusted EBITDA includes proportional share of EBITDA from joint ventures

Gas segment pre-tax profit

<i>(Unaudited; dollars in millions)</i>	Three months ended September 30,	
	2014	2013
Gas segment profit before income tax and share of profits of the joint venture	\$ 52	\$ 51

- Gas segment profit before tax and share of profits of joint venture increased to \$52 million for the third-quarter 2014, consistent with \$51 million in the same period of 2013

Power segment pre-tax profit

<i>(Unaudited; dollars in millions)</i>	Three months ended September 30,	
	2014	2013
Power segment profit before income tax	\$ 42	\$ 15

- Power segment profit before income tax and share of profits of joint venture was \$42 million in the third-quarter 2014, compared to \$15 million in the third-quarter 2013 mainly due to:
 - the gain on the sale of 50% of our interest in Energía Sierra Juárez wind generation project;
 - Improved results at TDM power plant

Project Updates

Project	CapEx (USD, millions)	Target COD ¹	Contract Term	Update
Wholly-owned projects				
Sonora pipeline	\$1,000	In-service	25 years	<ul style="list-style-type: none"> Construction proceeding on schedule Sásabe-Puerto Libertad segment initiated operations on 1-October
		Q3 2016	25 years	
Joint venture projects				
Los Ramones I pipeline	\$500	Q4 2014	25 years	<ul style="list-style-type: none"> 50% indirect IEnova interest Project will be in-service in December
Los Ramones Norte pipeline	\$1,400	Q4 2015	25 years	<ul style="list-style-type: none"> 25% indirect IEnova interest Construction activities underway Project financing expected to close Q4 2014
Ethane pipeline	\$330	Q1 2015	21 years	<ul style="list-style-type: none"> 50% indirect IEnova interest Segments 1 & 2 will be in-service in January Segment 3 will be placed in-service in April
Energía Sierra Juárez (ESJ) wind generation	\$300	Q2 2015	20 years	<ul style="list-style-type: none"> 50% indirect IEnova interest Construction proceeding on schedule

(1) Commercial Operations Date

CFE Pipeline Projects

Ojinaga-El Encino 1

- 250 km natural gas pipeline
- 1.3 Bcfd capacity
- Expected in-service date first-half 2017
- 25-year, take-or-pay contract with CFE
- **Bid submitted October 15**

El Encino-La Laguna 2

- 420 km natural gas pipeline
- 1.5 Bcfd capacity
- Expected in-service date first-half 2017
- 25-year, take-or-pay contract with CFE
- **Bids due in November**



CFE Projects ¹	Capacity (MMcfd)	Length (km)	CapEx (US\$MM)
Ojinaga-El Encino, Chihuahua	1,350	250	\$462
El Encino-Torreón, Coahuila	1,500	420	\$695
TOTAL PRELIMINARY ESTIMATE			\$1,157

(1) Project figure estimates as published by the CFE

Summary

- Operations and financial results in-line with expectations
- Completed Sásabe-Puerto Libertad segment of the Sonora pipeline
- Expect to complete Los Ramones I pipeline by December
- Submitted offer in first CFE bid, preparing offer for second bid

