Earnings Report
Third-Quarter 2015

Mexico City, October 22, 2015. **Infraestructura Energética Nova, S.A.B. de C.V. (BMV: IENOVA)** is reporting unaudited third-quarter 2015 results. IEnova focuses on the development, construction and operation of large energy infrastructure projects in Mexico. Our operations in Mexico range across several business lines including gas transportation and storage, LNG, natural gas distribution and electricity generation.

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).

Executive Summary, Third-Quarter 2015 compared to Third-Quarter 2014:

- Profit for the third-quarter 2015 was $12.9 million, compared with $64.5 million in the third-quarter 2014. The decrease of $51.6 million was primarily due to:
  - Income tax expense for the third-quarter 2015 was $41.7 million compared with $26.4 million in the same period of 2014, of which $14.7 million and $0.5 million were related to non-cash changes in the deferred tax balances in each of the periods, respectively.
  - In the third-quarter of 2014 the gain on the sale of 50 percent of our equity interest in the first phase of the Energía Sierra Juárez wind generation facility was $16.7 million (after tax).
  - In the third-quarter 2015 the net finance cost was $2.9 million compared with net finance income of $2.5 million in the same period of 2014, mainly due to lower capitalization of interests and higher interest expense.
  - In the third-quarter 2015 the mark-to-market losses on an interest rate swap of $3.2 million compared with gains of $1.6 million in the same period of 2014.
- Revenues for the third-quarter ended September 30, 2015 were $194.1 million, compared with $234.9 million in the same period of 2014. The decrease of $40.8 million was mainly due to lower electricity prices and lower natural gas prices and volume.
- Cost of revenues for the third-quarter ended September 30, 2015 was $87.8 million compared with $130.8 million in the same period in 2014. The decrease of $43.0 million was mainly due to lower natural gas prices at the Gas and Power segments and lower volume at the Gas segment.
- In July, we signed an agreement with Petróleos Mexicanos ("Pemex") to purchase its 50-percent interest in the Gasoductos de Chihuahua joint venture, with the exception of its interest in the Los Ramones Norte pipeline project, which was excluded from the transaction. The equity purchase price is $1.325 billion, subject to the terms and conditions set forth in the agreement. The transaction was approved by IEnova shareholders on September 14, 2015 and remains subject to approval by the Comisión Federal de Competencia Económica.
- In August, we obtained a $400 million corporate revolver credit agreement, with a syndicate of banks. Each borrowing has a twelve-month term, with an option to extend up to five years. The amounts borrowed were used to repay and cancel the previous loans.
- In September, we terminated the interest rate swap with the Royal Bank of Scotland ("RBS").

The following tables set forth our results as of September 30, 2015 and December 31, 2014 and for the three months ended September 30, 2015 and 2014.

i) Results of Operations

Condensed Consolidated Statements of Profit

(thousands of US$)	Three months ended September 30, 2015	Three months ended September 30, 2014
	(unaudited)	
Revenues	$ 194,137	$ 234,898
Cost of revenues	(87,812)	(130,785)
Operating, administrative and other expenses	(27,236)	(25,401)
Depreciation and amortization expenses	(17,403)	(14,787)
Net financing (cost) income	(2,867)	2,456
Other (losses) gains	(8,146)	18,847
Profit before income tax and share of profits of joint ventures	**50,673**	**85,228**
Income tax expense	(41,733)	(26,419)
Share of profits of joint ventures, net of income tax	3,953	5,656
Profit for the period	**$ 12,893**	**$ 64,465**

Segment Information

Segment information is presented after eliminating inter-company transactions.

Profit (Loss) before Income Tax and Share of Profits of Joint Ventures

(thousands of US$)	Three months ended September 30, 2015	Three months ended September 30, 2014
	(unaudited)	
Gas Segment	$ 54,508	$ 51,935
Power Segment	10,347	41,597
Corporate	(14,182)	(8,304)
	$ 50,673	**$ 85,228**

Gas Segment

Gas segment profit before income tax and share of profits of joint venture was $54.5 million for the third-quarter 2015, compared with $51.9 million in the same period of 2014. The $2.6 million increase is related to $7.6 million of higher profit due to the start of operations of the first segment of the Sonora pipeline, partially offset by higher operating expenses and other (losses) and gains.

Power Segment

Power segment profit before income tax and share of profits of joint venture was $10.3 million in the third-quarter 2015, compared to $41.6 million in the same period of 2014. The decrease of $31.3 million is due to:

- $19.1 million gain on the sale of 50 percent of our equity interest in the first phase of the Energía Sierra Juárez wind generation facility in the third-quarter of 2014, and
- $12.1 million due to lower operational results at the power plant due to lower capacity revenue and lower electricity prices.

Corporate

Corporate loss before income tax was $14.2 million in the third-quarter 2015, compared with $8.3 million in the same period of 2014. The $5.9 million decrease in profit is mainly due to mark-to-market losses in 2015 compared to mark-to-market gains in 2014 on the valuation of the RBS interest rate swap[1].

[1] In 2005, IEnova entered into derivative transactions to hedge future interest payments associated with forecasted borrowings of $450 million from third parties for the construction of a liquefied natural gas terminal which were designated as cash flow hedges. In 2007, the original hedged items became probable of not occurring due to a change in IEnova's external borrowing needs. The company recognizes the change in fair value and the settlement of this interest rate swap in "other (losses) gains" within the consolidated statements of profit. The hedge was terminated and settled for $29.8 million in September 2015.

Revenues

(thousands of US$)	Three months ended September 30, 2015		2014	
	(unaudited)			
Gas Segment	$	140,090	$	161,161
Power Segment		53,615		73,331
Corporate		432		406
	$	**194,137**	**$**	**234,898**

Gas Segment

Gas segment revenues were $140.1 million during the third-quarter 2015, compared to $161.2 million in the same period of 2014. The decrease of $21.1 million is mainly due to:

- $33.5 million lower revenues due to a reduction in natural gas prices ($2.92 per MMBtu[2] during the third-quarter 2015 compared with $4.28 per MMBtu in the same period of 2014) and lower volume, partially offset by
- $12.8 million, higher revenues mainly due to the start of operations of the first segment of the Sonora pipeline.

Power Segment

Power segment revenues were $53.6 million during the third-quarter 2015, compared with $73.3 million during the same period of 2014.

Power segment revenues decreased by $19.7 million, primarily due to lower capacity revenue and a decrease in electricity prices ($35.57 per MWh[3] during the third-quarter 2015 compared with $46.12 per MWh in the same period of 2014).

[2] MMBtu: Million British thermal units (of natural gas)
[3] MWh: Megawatt hour

Cost of Revenues

(thousands of US$)	Three months ended September 30, 2015		Three months ended September 30, 2014	
	(unaudited)			
Gas Segment	$	53,947	$	86,818
Power Segment		33,865		43,967
	$	**87,812**	**$**	**130,785**

Gas Segment

Gas segment cost of revenues was $53.9 million for the third-quarter 2015, compared with $86.8 million for the same period of 2014.

The cost of revenues decreased by $32.9 million, primarily due to a decrease in natural gas prices ($2.37 per MMBtu during the third-quarter 2015 compared with $3.79 per MMBtu in the same period of 2014) and lower volume.

Power Segment

Power segment cost of revenues was $33.9 million for the third-quarter 2015, compared with $44.0 million for the same period of 2014.

The cost of revenues decreased by $10.1 million, primarily due to a decrease in natural gas prices ($2.88 per MMBtu during the third-quarter 2015 compared with $4.21 per MMBtu in the same period of 2014).

Operating, Administrative and Other Expenses

Operating, administrative and other expenses were $27.2 million for the third-quarter 2015, consistent with $25.4 million for the same period of 2014.

Net Financing (Costs) Income

Net financing costs for the third-quarter 2015 increased by $5.3 million due to lower capitalization of interest related to the Sonora pipeline and increased interest expense related to higher short-term debt balances.

Other (Losses) Gains

Other losses were $8.2 million during the third-quarter 2015, compared with other gains of $18.8 million in the same period of 2014. The change of $27.0 million is mainly due to:

- $19.1 million gain on the sale of 50 percent of our equity interest in the first phase of the Energía Sierra Juárez wind generation facility in the third-quarter of 2014 and
- $4.8 million variation due to $3.2 million mark-to-market losses on an interest rate swap in the third-quarter 2015, compared to $1.6 million gains in the same period of 2014.

Income Tax Expense

Income tax expense increased by $15.3 million to $41.7 million in third-quarter 2015, mainly due to $14.7 million related to the effect on the deferred income tax balance from fluctuations in the tax basis of property, plant and equipment carried at our U.S. dollar functional currency, which we are required to remeasure each reporting period based on changes in the Mexican peso exchange rate, partially offset by the effects of exchange rates on monetary assets and liabilities.

Share of Profits of Joint Ventures, Net of Income Tax

Our share of joint ventures profits, net of income tax was $4.0 million in the third-quarter 2015, compared with $5.7 million in the same period of 2014.

The decrease in share of profits of joint ventures of $1.7 million is mainly due to:

- $11.5 million related to: higher income tax expense, mainly due to the effect on the deferred income tax balance from fluctuations in the tax basis of property, plant and equipment carried at the U.S. dollar functional currency, which must be remeasured each reporting period based on changes in the Mexican peso exchange rate, partially offset by the effects of exchange rates on monetary assets and liabilities.
- $4.7 million higher interest expense, higher depreciation and higher foreign exchange losses; partially offset by
- $14.1 million higher revenues due to the start of operations of Los Ramones I pipeline and two Ethane pipeline segments.

EBITDA and Adjusted EBITDA

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 consolidated profit after adding back or subtracting, as the case may be: (1) depreciation and amortization expenses, (2) net financing income (costs), (3) income tax (expense) benefit, (4) other (losses)/gains (which include net foreign exchange gains/(losses), net (losses)/gains on financial liabilities classified as held for trading associated with changes in the fair value from our interest rate swap and inflation effects on value added tax refunds receivable) and (5) share of profits of joint ventures, net of income tax.

We define the JV EBITDA adjustment as our 50 percent share of the profit of joint ventures with Pemex and InterGen, after adding back or subtracting, as the case may be, our 50 percent share of: (1) depreciation and amortization expenses, (2) net financing income (costs), (3) income tax (expense) benefit of our investments in joint ventures, (4) other (losses) gains and (5) the share of profit on joint ventures net of income tax. Our investments in the joint ventures are accounted for under the equity method.

	Three months ended September 30,	
(thousands of US$)	2015	2014
	(unaudited)	
Gas Segment	$ 65,273	$ 51,610
Power Segment	14,358	26,709
Corporate	(542)	393
EBITDA	**79,089**	**78,712**
JV EBITDA adjustment (50 percent)	29,538	13,052
Adjusted EBITDA	**$ 108,627**	**$ 91,764**

ii) Financial Position, Liquidity and Capital Resources

Condensed Consolidated Statements of Financial Position

(thousands of US$)	September 30, 2015	December 31, 2014
	(unaudited)	(audited)
Assets		
Current assets		
Cash and cash equivalents	$ 85,891	$ 83,637
Short-term investments	68	30,020
Other current assets[(1)]	227,478	211,962
Total current assets	**313,437**	**325,619**
Non-current assets		
Investments in joint ventures	418,802	401,538
Property, plant and equipment – net	2,561,296	2,377,739
Other non-current assets[(2)]	246,317	275,322
Total non-current assets	**3,226,415**	**3,054,599**
Total assets	**$ 3,539,852**	**$ 3,380,218**
Liabilities and Equity		
Short-term debt	$ 288,034	$ 195,089
Other current liabilities[(3)]	334,228	172,461
Total current liabilities	**622,262**	**367,550**
Non-current liabilities		
Long-term debt	303,371	350,638
Due to unconsolidated affiliates	39,548	38,460
Other non-current liabilities[(4)]	443,158	374,282
Total non-current liabilities	**786,077**	**763,380**
Total liabilities	**1,408,339**	**1,130,930**
Common stock	762,949	762,949
Additional paid-in capital	973,953	973,953
Retained earnings	502,318	576,717
Accumulated other comprehensive income	(107,707)	(64,331)
Total equity	**2,131,513**	**2,249,288**
Total liabilities and equity	**$ 3,539,852**	**$ 3,380,218**

(1) Other current assets include trade and other receivables – net, value added tax receivable, amounts due from unconsolidated affiliates, carbon allowances, income taxes receivable, natural gas inventories, derivative financial instruments, and other current assets.

(2) Other non-current assets include amounts due from unconsolidated affiliates, deferred income tax assets, goodwill, finance lease receivables, carbon allowances and other non-current assets.

(3) Other current liabilities include amounts due to unconsolidated affiliates, trade and other payables, carbon allowances, income tax liabilities, other taxes payable, other financial liabilities, provisions, derivative financial instruments, and other current liabilities.

(4) Other non-current liabilities include deferred income tax liabilities, derivative financial instruments, provisions, carbon allowances and employee benefits.

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 the capital markets.

Sources and Uses of Cash

(thousands of US$)	Three months ended September 30, 2015	2014
	(unaudited)	
Cash and cash equivalents at period beginning	**$ 75,438**	**$ 51,117**
Net cash provided by operating activities	(438)	107,608
Net cash used in investing activities	(30,828)	(71,389)
Net cash provided by (used in) financing activities	42,441	(27,699)
Effects of exchange rate changes on cash and cash equivalents	(722)	(1,223)
Cash and cash equivalents at period end	**$ 85,891**	**$ 58,414**

Operating Activities

Net cash used by operating activities for third-quarter 2015 was $0.4 million, compared to net cash provided by operating activities of $107.6 million in the same period of 2014 due primarily to the settlement of the interest rate swap, changes in working capital and higher income taxes paid.

Investing Activities

Net cash used in investing activities for third-quarter 2015 was $30.8 million, which included $65.6 million of capital expenditures primarily for the Sonora pipeline, partially offset by proceeds from the sale of short-term investments of $34.8 million. Net cash used in investing activities for third-quarter 2014 of $71.4 million included loans to unconsolidated affiliates of $110.0 million for capital expenditures related to Los Ramones Norte pipeline project, and capital expenditures of $72.7 million mainly related to the Sonora pipeline project. These amounts were partially offset by proceeds from the sale of short-term investments of $69.0 million and cash proceeds of $24.4 million from the sale of our 50 percent equity interest in the first phase of the Energía Sierra Juárez wind generation facility.

Financing Activities

Net cash provided by financing activities for the third-quarter 2015 was $42.4 million due to $475.1 million proceeds from borrowings against credit facilities, partially offset by the repayment of loans of $259.3 million, a dividend payment of $170.0 million, and interest paid of $1.4 million. Net cash used in financing activities for the third-quarter 2014 of $27.7 million is primarily due to a dividend payment of $164.0 million, and interest paid of $7.3 million, partially offset by proceeds from borrowings against credit facilities of $145.0 million.

iii) 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 modern and efficient systems designed to generate key financial information.