2018
THIRD QUARTER RESULTS

Ticker BMV: IENOVA
Mexico City, October 24, 2018

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 September 30, 2018	Three months ended September 30, 2017	% Var.	Nine months ended September 30, 2018	Nine months ended September 30, 2017	% Var.
	(unaudited)			(unaudited)		
Adjusted EBITDA	$ 238.2	$ 208.7	14 %	$ 668.5	$ 576.3	16 %
Profit for the period	$ 112.1	$ 126.7	(12) %	$ 342.0	$ 317.4	8 %
Revenues	$ 408.0	$ 339.5	20 %	$ 1,022.6	$ 907.4	13 %

- In the third quarter of 2018, Adjusted EBITDA increased 14 percent to $238.2 million, compared with $208.7 million in the same period of 2017. The increase of $29.5 million was mainly due to the November 2017 acquisition of an additional 25 percent of Los Ramones Norte pipeline, the Termoeléctrica de Mexicali power plant higher operational results and higher margin in the gas segment.
- In the nine months ended September 30, 2018, Adjusted EBITDA increased 16 percent to $668.5 million, compared with $576.3 million in the same period of 2017. The increase of $92.2 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 an additional 25 percent of Los Ramones Norte pipeline and higher margin in the gas segment.
- In the third quarter of 2018, profit was $112.1 million, compared with $126.7 million in the same period of 2017. The decrease of $14.6 million was mainly due to higher financing costs and non-cash exchange rate effects, partially offset by the EBITDA drivers mentioned above.
- In the nine months ended September 30, 2018, profit was $342.0 million, compared with $317.4 million in the same period of 2017. The increase of $24.6 million was mainly due to the Termoeléctrica de Mexicali power plant non-cash after-tax impairment charge in the second quarter of 2017 and the EBITDA drivers mentioned above, partially offset by non-cash exchange rate effects and higher financing costs.
- In the third quarter of 2018, revenues were $408.0 million, compared with $339.5 million in the same period of 2017. The increase of $68.5 million was mainly due to higher volume and higher weighted average prices of natural gas sold and higher revenue at the Termoeléctrica de Mexicali power plant due to higher prices and volumes.
- In the nine months ended September 30, 2018, revenues were $1,022.6 million, compared with $907.4 million in the same period of 2017. The increase of $115.2 million was mainly due to higher revenue at the Termoeléctrica de Mexicali power plant due to higher volumes and weighted average prices, higher volume sold of natural gas, and the acquisition of the remaining 50 percent of Ductos y Energéticos del Norte.
- In September 2018, IEnova announced the execution of a long-term, U.S. dollar-denominated contract with a subsidiary of BP for 50% of the initial capacity of a marine terminal to receive, store, and deliver refined hydrocarbons, which IEnova will build within La Jovita Energy Center, located 23 km north of Ensenada, Baja California, Mexico. This agreement will enable BP to store up to 500,000 barrels in the

terminal to supply its growing network of service stations in the northern part of Baja California and Sonora. Subject to the execution of certain agreements, BP will have the option to acquire up to 25% of the equity of the terminal once it is operational.

- 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 1 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 US$200 million dollars, and the company anticipates, subject to the timing of issuance of the remaining permits, the start of commercial operations at the end of 2020.

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

(millions of US$)	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
	(unaudited)		(unaudited)	
Revenues	$ 408.0	$ 339.5	$ 1,022.6	$ 907.4
Cost of revenues	(135.6)	(99.7)	(277.9)	(237.8)
Operating, administrative and other expenses	(58.9)	(45.6)	(156.7)	(144.9)
Depreciation and amortization	(35.1)	(30.0)	(102.5)	(85.9)
Impairment of Termoeléctrica de Mexicali	—	—	—	(63.8)
Financing cost, net	(25.3)	(13.6)	(71.7)	(37.1)
Other gains (losses), net	30.3	(6.8)	25.1	(0.8)
Profit before income tax and share of profits of joint ventures	**183.4**	**143.8**	**438.9**	**337.1**
Income tax expense	(57.1)	(26.6)	(115.1)	(46.1)
Share of (losses) profits of joint ventures, net of income tax	(14.2)	9.5	18.2	26.4
Profit for the period	**$ 112.1**	**$ 126.7**	**$ 342.0**	**$ 317.4**

Segment Information

Segment information is presented after eliminating inter-company transactions.

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

(millions of US$)	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
	(unaudited)		(unaudited)	
Gas Segment	$ 136.1	$ 134.1	$ 400.8	$ 408.6
Power Segment	34.9	17.8	64.2	(42.5)
Corporate	12.4	(8.1)	(26.1)	(29.0)
	$ 183.4	**$ 143.8**	**$ 438.9**	**$ 337.1**

Gas Segment

In the third quarter and in the nine months ended September 30, 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 third quarter of 2018, the Power segment profit before income tax and share of profits of joint ventures was $34.9 million, compared with $17.8 million in the same period of 2017. The increase of $17.1 million is mainly due to higher operational results at the Termoeléctrica de Mexicali power plant.

In the nine months ended September 30, 2018, the Power segment profit before income tax and share of profits of joint ventures was $64.2 million, compared with a loss of $42.5 million in the same period of 2017. The increase of $106.7 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 third quarter of 2018, corporate profit before income tax was $12.4 million, compared with a loss of $8.1 million in the same period of 2017. The increase of $20.5 million is mainly due to exchange rate effects primarily related to a peso-denominated shareholder's loan to fund the South Texas – Tuxpan pipeline (which effects are offset in the share of profits of joint ventures), partially offset by a higher financing cost.

In the nine months ended September 30, 2018, corporate loss before income tax was $26.1 million, compared with $29.0 million in the same period of 2017. The decrease in losses of $2.9 million is mainly due to exchange rate effects and higher interest income primarily related to a peso-denominated shareholder's loan to fund the South Texas – Tuxpan pipeline (which effects are offset in the share of profits of joint ventures), partially offset by a higher financing cost.

Revenues

(millions of US$, except price per MMBtu[1])	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
	(unaudited)		(unaudited)	
Gas Segment	$ 306.4	$ 268.3	$ 797.0	$ 741.9
Power Segment	101.1	70.8	224.3	164.1
Corporate	0.5	0.4	1.3	1.4
	$ 408.0	**$ 339.5**	**$ 1,022.6**	**$ 907.4**
Natural gas weighted average price USD per MMBtu	$ 3.86	$ 3.13	$ 3.25	$ 3.16

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

Gas Segment

In the third quarter of 2018, Gas segment revenues were $306.4 million, compared with $268.3 million in the same period of 2017. The increase of $38.1 million is mainly due to:

- $34.7 million from higher volume and higher weighted average prices of natural gas sold, and
- $6.7 million one-time natural gas distribution rates true-up from prior years at Ecogas Mexicali.

In the nine months ended September 30, 2018, Gas segment revenues were $797.0 million, compared with $741.9 million in the same period of 2017. The increase of $55.1 million is mainly due to:

- $35.3 million from higher volume sold of natural gas,
- $10.2 million from the acquisition of Ductos y Energéticos del Norte,
- $6.7 million one-time natural gas distribution rates true-up from prior years at Ecogas Mexicali, and
- $6.5 million from higher transportation and storage rates.

Power Segment

In the third quarter of 2018, Power segment revenues were $101.1 million, compared with $70.8 million in the same period of 2017. The increase of $30.3 million is mainly due to:

- $24.3 million from higher prices and volumes at Termoeléctrica de Mexicali power plant, and
- $4.2 million from higher power prices at Ventika.

In the nine months ended September 30, 2018, Power segment revenues were $224.3 million, compared with $164.1 million in the same period of 2017. The increase of $60.2 million is mainly due to:

- $55.4 million from higher volumes and prices at Termoeléctrica de Mexicali power plant, and
- $4.3 million from higher power prices net of lower volumes at Ventika.

Cost of Revenues

(millions of US$, except cost per MMBtu)	Three months ended September 30,				Nine months ended September 30,			
	2018		2017		2018		2017	
	(unaudited)				(unaudited)			
Gas Segment	$	96.4	$	68.0	$	189.6	$	170.2
Power Segment		39.2		31.7		88.3		67.6
	$	**135.6**	**$**	**99.7**	**$**	**277.9**	**$**	**237.8**
Natural gas weighted average cost USD per MMBtu	$	3.45	$	3.03	$	2.93	$	3.03

Gas Segment

In the third quarter of 2018, Gas segment cost of revenues was $96.4 million, compared with $68.0 million for the same period of 2017. The increase of $28.4 million is mainly due to higher volumes and higher weighted average cost of natural gas.

In the nine months ended September 30, 2018, Gas segment cost of revenues was $189.6 million, compared with $170.2 million for the same period of 2017. The increase of $19.4 million is mainly due to higher volumes sold of natural gas.

Power Segment

In the third quarter of 2018, Power segment cost of revenues was $39.2 million, compared with $31.7 million for the same period of 2017. The increase of $7.5 million is mainly due to higher natural gas prices and volume at the Termoeléctrica de Mexicali power plant.

In the nine months ended September 30, 2018, Power segment cost of revenues was $88.3 million, compared with $67.6 million for the same period of 2017. The increase of $20.7 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 third quarter of 2018, operating, administrative and other expenses were $58.9 million, compared with $45.6 million for the same period of 2017. The increase of $13.3 million was mainly due to other corporate general expenses and maintenance expenses at the Termoeléctrica de Mexicali power plant and the new pipelines.

In the nine months ended September 30, 2018, these expenses were $156.7 million, compared with $144.9 million for the same period of 2017. The increase of $11.8 million was mainly due to the 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 third quarter of 2018, depreciation and amortization was $35.1 million, compared with $30.0 million for the same period of 2017. The increase of $5.1 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 the nine months ended September 30, 2018, depreciation and amortization was $102.5 million, compared with $85.9 million for the same period of 2017. The increase of $16.6 million was mainly due to the start of operations of new pipelines.

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 third quarter of 2018, financing cost, net was $25.3 million, compared with $13.6 million for the same period of 2017. The increase of $11.7 million was mainly due to higher interest rates and higher corporate debt balance, partially offset by higher interest capitalization related to projects under construction.

In the nine months ended September 30, 2018, financing cost, net was $71.7 million, compared with $37.1 million for the same period of 2017. The increase of $34.6 million was mainly due to a higher corporate debt balance, higher interest rates, and lower interest capitalization related to projects under construction, partially offset by higher interest income related to the shareholder's loan granted to South Texas – Tuxpan pipeline.

Other Gains (Losses), Net

In the third quarter of 2018, other gains were $30.3 million, compared with other losses of $6.8 million in the same period of 2017. In the nine months ended September 30, 2018, other gains were $25.1 million, compared with other losses of $0.8 million in the same period of 2017. The variations of $37.1 million in the three-month periods and $25.9 million in the nine-month periods 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 third quarter of 2018, income tax expense was $57.1 million compared with $26.6 million in the same period of 2017. The increase of $30.5 million is primarily due to the effect of exchange rate on monetary assets and liabilities, partially offset by 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.

In the nine months ended September 30, 2018, income tax expense was $115.1 million compared with $46.1 million in the same period of 2017. The increase of $69.0 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.

Share of (Losses) Profits of Joint Ventures, Net of Income Tax

(millions of US$)	Joint Venture With	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
		(unaudited)		(unaudited)	
Los Ramones Norte pipeline [1]	Blackrock[2]	$ 13.5	$ 5.1	$ 31.6	$ 18.2
South Texas – Tuxpan pipeline	TransCanada	(26.9)	3.8	(16.4)	4.3
Energía Sierra Juárez wind generation facility	Actis[3]	(0.8)	0.6	3.0	3.9
		$ (14.2)	**$ 9.5**	**$ 18.2**	**$ 26.4**

[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.

[2] Blackrock acquired a 5 percent participation in Los Ramones Norte pipeline from Pemex TRI.

[3] Actis acquired InterGen's Mexican portfolio.

In the third quarter of 2018, our share of losses of joint ventures, net of income tax, was $14.2 million, compared with profit of $9.5 million in the same period of 2017. The decrease of $23.7 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 and lower income tax expense in the South Texas – Tuxpan pipeline. The foreign exchange rate effects are offset in Other Gains (Losses), net.

In the nine months ended September 30, 2018, our share of profits of joint ventures, net of income tax, was $18.2 million, compared with $26.4 million in the same period of 2017. The decrease of $8.2 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 Gains (Losses), net.

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 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.

	Three months ended September 30,		Nine months ended September 30,	
(millions of US$)	2018	2017	2018	2017
	(unaudited)		(unaudited)	
Gas Segment	$ 169.0	$ 165.0	$ 484.8	$ 468.5
Power Segment	48.3	31.7	107.0	61.6
Corporate	(3.8)	(2.5)	(3.8)	(5.4)
EBITDA	**$ 213.5**	**$ 194.2**	**$ 588.0**	**$ 524.7**
JV EBITDA adjustment	24.7	14.5	80.5	51.6
Adjusted EBITDA	**$ 238.2**	**$ 208.7**	**$ 668.5**	**$ 576.3**

Reconciliation of Profit for the Period to EBITDA and Adjusted EBITDA

	Three months ended September 30,		Nine months ended September 30,	
(millions of US$)	2018	2017	2018	2017
	(unaudited)		(unaudited)	
EBITDA reconciliation				
Profit for the period	$ 112.1	$ 126.7	$ 342.0	$ 317.4
Depreciation and amortization	35.1	30.0	102.5	85.9
Impairment of Termoeléctrica de Mexicali	—	—	—	63.8
Financing cost, net	25.3	13.6	71.7	37.1
Other gains (losses), net	(30.3)	6.8	(25.1)	0.8
Income tax expense	57.1	26.6	115.1	46.1
Share of losses (profits) of joint ventures, net of income tax	14.2	(9.5)	(18.2)	(26.4)
(1) EBITDA	**213.5**	**194.2**	**588.0**	**524.7**
JV EBITDA Adjustment reconciliation				
Loss (profit) for the period	(14.2)	9.5	18.2	26.4
Depreciation and amortization	1.9	1.6	5.1	4.7
Financing cost, net	9.3	5.2	25.6	19.7
Other (gains) losses, net	28.9	(2.6)	22.2	(0.8)
Income tax (benefit) expense	(1.2)	0.8	9.4	1.6
(2) JV EBITDA Adjustment	**24.7**	**14.5**	**80.5**	**51.6**
(1+2) Adjusted EBITDA	**$ 238.2**	**$ 208.7**	**$ 668.5**	**$ 576.3**

Condensed Consolidated Statements of Financial Position

(thousands of US$)		September 30, 2018		December 31, 2017
		(unaudited)		(audited)
Assets				
Current assets				
Cash and cash equivalents	$	41,830	$	37,208
Short-term investments		4,082		1,081
Trade and other receivables, net		131,375		94,793
Taxes receivable		145,440		121,542
Other current assets(1)		177,328		112,199
Assets held for sale (2)		—		148,190
Total current assets		**500,055**		**515,013**
Non-current assets				
Due from unconsolidated affiliates		643,136		493,887
Finance lease receivables		935,201		942,184
Deferred income tax assets		71,757		97,334
Investments in joint ventures		571,354		523,102
Property, plant and equipment, net		4,052,581		3,729,456
Goodwill		1,638,091		1,638,091
Other non-current assets(3)		305,107		224,792
Total non-current assets		**8,217,227**		**7,648,846**
Total assets	**$**	**8,717,282**	**$**	**8,163,859**
Liabilities and Stockholders' Equity				
Short-term debt	$	676,037	$	262,760
Due to unconsolidated affiliates		477,914		544,217
Other current liabilities(4)		303,249		184,418
Liabilities held for sale		—		62,522
Total current liabilities		**1,457,200**		**1,053,917**
Non-current liabilities				
Long-term debt		1,695,474		1,732,040
Due to unconsolidated affiliates		74,824		73,510
Deferred income tax liabilities		557,792		551,614
Other non-current liabilities(5)		232,536		236,191
Total non-current liabilities		**2,560,626**		**2,593,355**
Total liabilities		**4,017,826**		**3,647,272**
Stockholders' Equity				
Common stock		963,272		963,272
Additional paid-in capital		2,351,801		2,351,801
Accumulated other comprehensive (loss)		(76,745)		(114,556)
Retained earnings		1,448,024		1,316,070
Total equity attributable to owners		**4,686,352**		**4,516,587**
Non-controlling interest		13,104		—
Total equity of the company	**$**	**4,699,456**	**$**	**4,516,587**
Total liabilities and equity	**$**	**8,717,282**	**$**	**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$)	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
	(unaudited)		(unaudited)	
Cash and cash equivalents at the beginning of the period	**$ 21.2**	**$ 28.0**	**$ 37.2**	**$ 24.9**
Net cash provided by operating activities	217.9	176.0	463.1	354.2
Net cash used in investing activities	(128.1)	(216.3)	(460.2)	(569.6)
Net cash (used) provided by financing activities	(42.8)	48.7	(10.3)	219.9
Effects of exchange rate changes on cash and cash equivalents	(26.4)	2.0	12.0	9.0
Cash and cash equivalents at the end of the period	**$ 41.8**	**$ 38.4**	**$ 41.8**	**$ 38.4**

Operating Activities

In the third quarter of 2018, net cash provided by operating activities was $217.9 million, compared with $176.0 million in the same period of 2017, mainly due to higher operational results and lower income tax paid.

In the nine months ended September 30, 2018, net cash provided by operating activities was $463.1 million, compared with $354.2 million in the same period of 2017, mainly due to higher operational results and lower income tax paid, partially offset by changes in working capital.

Investing Activities

In the third quarter of 2018, net cash used in investing activities was $128.1 million, mainly due to capital expenditures of $156.4 million mainly related to the new solar and liquid terminal projects and the funding of $20.2 million in the South Texas – Tuxpan pipeline, partially offset by a $47.0 million reduction in short-term investments.

In the third quarter of 2017, net cash used in investing activities was $216.3 million, due to a $130.0 million shareholder's loan to fund the South Texas – Tuxpan pipeline (our joint venture with TransCanada) and capital expenditures of $113.7 million mainly related to our Ojinaga – El Encino pipeline, Sonora pipeline Guaymas – El Oro segment, the San Isidro – Samalayuca and Empalme lateral pipelines, and Veracruz marine terminal, partially offset by a restricted cash reduction of $19.1 million related to Ventika and Gasoductos de Chihuahua bank debt.

In the nine months ended September 30, 2018, net cash used in investing activities was $460.2 million, mainly due to capital expenditures of $332.5 million mainly related to the new solar and liquid terminal projects and the funding of $125.6 million in the South Texas – Tuxpan pipeline.

In the nine months ended September 30, 2017, net cash used in investing activities was $569.6 million, mainly due due to $372.1 million to fund the South Texas – Tuxpan pipeline (our joint venture with TransCanada) and capital expenditures of $208.2 million related to our Ojinaga – El Encino pipeline, Sonora pipeline Guaymas – El Oro segment, San Isidro – Samalayuca pipeline and Empalme lateral pipeline, and Veracruz marine terminal project.

Financing Activities

In the third quarter of 2018, net cash used by financing activities was $42.8 million, due to a dividend payment of $210.0 million, $132.8 million repayment of loans from unconsolidated affiliates and interest paid of $25.5 million, partially offset by $325.5 million in net borrowings against credit facilities.

In the third quarter of 2017, net cash provided by financing activities was $48.7 million due to $149.1 million in net borrowings from bank loans and $121.2 million in net borrowings from unconsolidated affiliates, partially offset by a dividend payment of $200.0 million and interest paid of $21.6 million.

In the nine months ended September 30, 2018, net cash used by financing activities was $10.3 million, mainly due to a dividend payment of $210.0 million, the five-year CEBURES payment at maturity of $102.1 million, interest paid of $65.5 and $62.8 million in net repayments of loans from unconsolidated affiliates, partially offset by $430.0 million in net borrowings against credit facilities.

In the nine months ended September 30, 2017, net cash provided by financing activities was $219.9 million, due to $278.4 million in net borrowings from unconsolidated affiliates and $198.7 million in net borrowings from bank loans, partially offset by a dividend payment of $200.0 million and interest paid of $57.2 million.

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.