

Third Quarter 2017 Financial Results

October 25, 2017

Information regarding forward-looking statements



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Agenda

- Third-quarter 2017 financial results
- Project status
- New business development
- M&A

Third-quarter 2017 financial results

	Three months ended September 30,	
	2017	2016
<i>(Unaudited; net profit in millions of dollars, share count in millions, EPS in dollars)</i>		
Adjusted EBITDA ⁽¹⁾	\$ 209	\$ 126
Profit (loss) for the period	\$ 127	\$ 660
Shares outstanding (weighted average)	1,534	1,154
Earnings per share (EPS)	\$ 0.08	\$ 0.57

- Third-quarter 2017 Adjusted EBITDA was US\$209 million, up 65% from US\$126 million over the third-quarter of 2016. The increase of US\$83 million was mainly due to the acquisitions of Gasoductos de Chihuahua and Ventika, and the start of operations of the Sonora pipeline Guaymas – El Oro segment, San Isidro – Samalayuca, Ojinaga – El Encino, and Empalme lateral pipelines
- Third-quarter 2017 profit was US\$127 million dollars, compared with US\$56 million in the same period of 2016
 - These numbers exclude the non-cash gain of US\$673 million related to the remeasurement to fair value of the previously held 50% interest in Gasoductos de Chihuahua and the after-tax impairment charge of US\$69 million related to Termoelectrica de Mexicali power plant in the third-quarter 2016
 - The increase of US\$71 million was mainly due to the Adjusted EBITDA drivers mentioned above

(1) Adjusted EBITDA includes proportional share of EBITDA from joint ventures and the Adjustment EBITDA from discontinued operations

Gas segment pre-tax profit

<i>(Unaudited; dollars in millions)</i>	Three months ended September 30,	
	2017	2016
Gas segment profit before income tax and share of profits of the joint venture	\$ 136	\$ 754

- Third-quarter 2017 Gas segment profit before tax and share of profits of joint venture was US\$136 million, compared with US\$81 million in the same period of 2016, excluding the previously mentioned non-cash gain
- The increase of US\$55 million is mainly due to:
 - US\$50 million from the acquisition of the remaining 50% of Gasoductos de Chihuahua on September 26, 2016
 - US\$11 million from the start of operations of the Sonora pipeline Guaymas – El Oro segment, San Isidro – Samalayuca, Ojinaga – El Encino pipeline, and Empalme lateral pipelines
 - Partially offset by US\$6 million of operating and other expenses

Power segment pre-tax profit

<i>(Unaudited; dollars in millions)</i>	Three months ended	
	September 30,	
	2017	2016
Power segment profit (loss) before income tax and share of profits of the joint venture	\$ 8	\$ -

- In the third-quarter of 2017, Power segment profit before income tax and share of profits from the joint venture was US\$8 million from the Ventika wind generation facility, which was acquired on December 14, 2016

Project updates

Project	CapEx (USD, millions)	Target COD ¹	Contract Term	Update
Wholly-owned projects				
Pima Solar	\$115	Q4 2018	20 years	• Starting construction activities
Rumorosa Solar	\$50	Q2 2019	15 and 20 years	• Starting construction activities
Veracruz marine storage terminal	\$155	Q4 2018	10 years*	• Engineering and procurement activities in progress
Mexico City & Puebla in- land storage terminals	\$120	1H 2019	10 years*	• Engineering and procurement activities in progress
Joint venture projects				
Texas – Tuxpan (Marine pipeline)	\$2,100	Q4 2018	25 years	• Under construction
Tepezalá II Solar	\$100	Q2 2019	15 and 20 years	• Starting construction activities

(1) Commercial Operations Date

* With potential extension

New business development

Hydrocarbon storage terminals

- In July 2017, IEnova was awarded a 20-year concession by the Port of Veracruz to build and operate a marine terminal for the receipt, storage, and delivery of hydrocarbons (primarily gasoline, diesel, and jet fuel)
- In August 2017, IEnova signed long-term firm capacity contracts with Valero at the marine terminal in the new Port of Veracruz and at two in-land terminals in Puebla and Mexico City
- IEnova will be responsible for the implementation of the projects, including permitting, engineering, procurement, construction, operation, maintenance, financing, and providing services
- Approximately US\$275 million investment for the three terminals
- Commercial operations date: 2H 2018 / 1H 2019

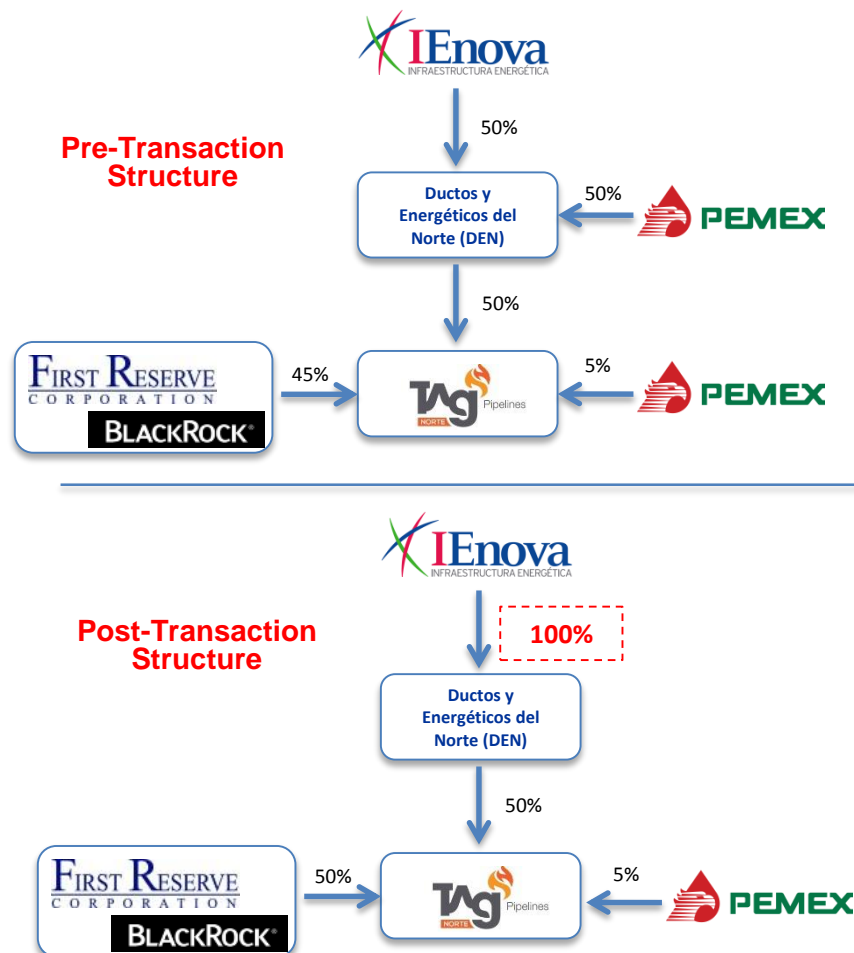


Valero, a *Fortune 50* company, is a manufacturer and marketer of transportation fuels and other petrochemical products based in San Antonio, Texas. With approximately 10,000 employees, its assets include 15 petroleum refineries with a combined throughput capacity of approximately 3.1 million barrels per day and 11 ethanol plants with a combined production capacity of approximately 1.4 billion gallons per year

Mergers & Acquisitions

Acquisition of Pemex Transformación Industrial's participation in "Ductos y Energeticos del Norte" ("DEN")

- On October 6, 2017, IEnova announced its acquisition of Pemex Transformación Industrial's participation in DEN
- After closing, IEnova will increase its indirect participation in the Los Ramones Norte pipeline from 25% to 50%
- Purchase price is estimated to be US\$520 million
 - US\$231 million cash at closing (subject to customary post-closing adjustments)
 - Assumption of US\$289 million outstanding debt
- Closing of the transaction is subject to regulatory approvals



Summary

- Continued strength in operations; financial results in-line
- Executed a long-term capacity contract with Valero for three liquid storage terminals
- Announced the acquisition of DEN / Los Ramones Norte pipeline
- Progress on construction activities
- Focused on executing our growth strategy and diversifying our portfolio

