

# Fourth Quarter 2019 Financial Results

February 20, 2020

# Information regarding forward-looking statements

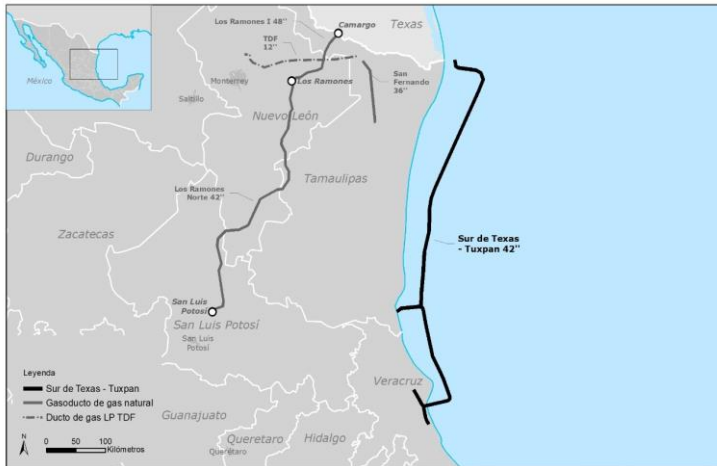
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# Agenda

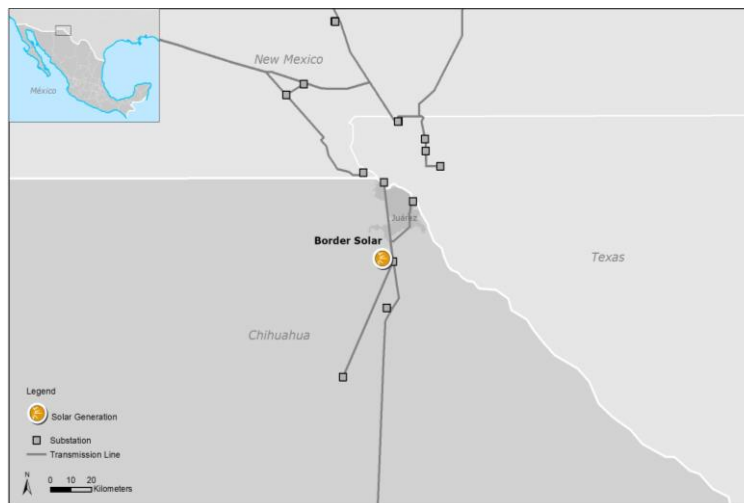
- 2019 accomplishments and highlights
- Fourth-quarter and full year 2019 financial results
- Project updates
- 2020 Guidance

## Marine and Sonora Pipelines



- In August, we reached a win-win agreement with CFE, related to the Marine and Sonora pipelines
- In September, IEnova and TC Energy announced commercial operations of the Marine Pipeline
  - 42 inch diameter, approximately 800 km length
  - 2.6 bcfpd<sup>1</sup> transportation capacity

## Border Solar



- In October, IEnova announced a new solar project in Juárez, Chihuahua, called Border Solar
- 150-megawatts of installed capacity
- Fully-contracted
- Total investment of ~US\$160 million
- Off-takers: Liverpool, Circle K, Envases Universales and Grupo Cementero de Chihuahua
- Expected COD: 2H 2020

# 2019 accomplishments and highlights

## IEnova's renewable portfolio

|                            | In operation        |            |        |                 |                       | Under construction |                 |           |
|----------------------------|---------------------|------------|--------|-----------------|-----------------------|--------------------|-----------------|-----------|
|                            | ESJ <sup>1</sup>    | Ventika    | Pima   | Rumorosa        | Tepezalá <sup>1</sup> | Don Diego          | ESJ II          | Border    |
| Installed Capacity         | 155 MW <sup>2</sup> | 252 MW     | 110 MW | 41 MW           | 100 MW <sup>2</sup>   | 125 MW             | 108 MW          | 150 MW    |
| Location                   | Baja California     | Nuevo León | Sonora | Baja California | Aguascalientes        | Sonora             | Baja California | Chihuahua |
| Commercial Operations Date | 2015                | 2016       | 2019   | 2019            | 2019                  | 1H-2020            | 1H-2021         | 2H-2020   |

***IEnova is contributing to reach Mexico's clean energy goal***

Installed Capacity<sup>2</sup>  
(MW)

1,041

***Growing our portfolio mainly through bilateral agreements with private customers***

2013 (IPO)

2021

**IEnova will have more than 1,000 MW<sup>2</sup> of installed capacity, once all the projects become operational**

(1) Projects under Joint Ventures

(2) Considers 100% of the facilities' installed capacity

# 2019 accomplishments and highlights

## Committed investment in new storage terminals:

**~US\$1.2 B**

### Baja Refinados

- Capacity: ~1,000,000 barrels
- Products: gasoline, diesel
- Status: Pre-construction activities



Baja Refinados



### Topolobampo

- Capacity: ~1,000,000 barrels
- Products: gasoline, diesel
- Status: ready to start construction



### Manzanillo<sup>(1)</sup>

- New Capacity: ~2,200,000 barrels
- Products: gasoline, diesel
- Status: ready to start construction



### Guadalajara

- Capacity: To be determined<sup>(2)</sup>
- Products: gasoline, diesel, jet fuel
- Status: under development



### Veracruz, Puebla, CDMX

- Capacity:
  - Veracruz: ~2,100,000 barrels
  - Puebla: ~650,000 barrels
  - Mexico City: ~650,000 barrels
- Products: gasoline, diesel, jet fuel
- Status: under construction



**IEnova is contributing to Mexico's energy security by adding 8 million barrels<sup>(3)</sup> of refined products storage capacity**

(1) JV: 51% IEnova / 49% Trafigura

(2) Only 290,000 barrels have been contracted, more agreements underway

(3) Includes Guadalajara that is under development

# Fourth-quarter 2019 and full year 2019 results<sup>1</sup>

|  | Three months ended<br>December 31 |         | Twelve months ended<br>December 31 |         |
|--|-----------------------------------|---------|------------------------------------|---------|
|  | 2019                              | 2018    | 2019                               | 2018    |
| <i>(Unaudited; net profit in millions of dollars, share count in millions, EPS in dollars)</i> |                                   |         |                                    |         |
| Adjusted EBITDA <sup>(2)</sup>   | \$ 253                            | \$ 208  | \$ 938                             | \$ 876  |
| Profit for the period  | \$ 144                            | \$ 89   | \$ 468                             | \$ 431  |
| Shares outstanding (weighted average)  | 1,529                             | 1,534   | 1,529                              | 1,534   |
| Earnings per share (EPS)   | \$ 0.09                           | \$ 0.06 | \$ 0.31                            | \$ 0.28 |

- **Fourth-quarter 2019 Adjusted EBITDA ↑22% to US\$253 million**, compared with US\$208 million in the same period of 2018
- **In 2019, Adjusted EBITDA ↑7% to US\$938 million**, compared with US\$876 million in 2018

## Main Drivers:

- **Start of Operations** of the Marine Pipeline, Pima Solar, Rumorosa Solar and Tepezalá Solar
- **Higher Operational Results** at Termoeléctrica de Mexicali and Ventika

(1) Further information on the Appendix of this presentation

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

# Project updates

| Project   | CapEx <sup>1</sup><br>(USD, millions) | Target<br>COD <sup>2</sup> | Contract<br>Term    | Update   |
|---|---------------------------------------|----------------------------|---------------------|--|
| <b>Wholly-owned projects</b>  |                                       |                            |                     |  |
| Don Diego Solar   | \$130                                 | 1H 2020                    | 15 years            | <ul style="list-style-type: none"> <li>• Ready to start dispatching electricity</li> </ul>   |
| Gulf-Center storage terminals<br>(Veracruz, Puebla, Mexico<br>City) | \$590 - \$640                         | 1H 2020                    | 10 years*           | <ul style="list-style-type: none"> <li>• Pre-commissioning activities in the Veracruz terminal</li> <li>• Initiated transloading activities in Puebla</li> <li>• Under construction</li> </ul> |
| Baja Refinados  | \$130                                 | 1H 2021                    | 15 years            | <ul style="list-style-type: none"> <li>• Pre-construction activities</li> </ul>  |
| Topolobampo marine storage<br>terminal                              | \$150                                 | 1H 2021                    | 10 and 15<br>years* | <ul style="list-style-type: none"> <li>• Ready to start construction</li> </ul>  |
| Border Solar  | \$160                                 | 2H 2020                    | 10 and 15<br>years  | <ul style="list-style-type: none"> <li>• Under construction</li> </ul>   |
| ESJ II**  | \$150                                 | 1H 2021                    | 20 years            | <ul style="list-style-type: none"> <li>• Ready to start construction</li> </ul>  |
| <b>Joint venture projects</b>                                       |                                       |                            |                     |  |
| Manzanillo marine storage<br>terminal                               | \$285                                 | 1H 2021                    | 10 years*           | <ul style="list-style-type: none"> <li>• Ready to start construction</li> </ul>  |

(1) For 100% of the project

(2) Commercial Operations Date, subject to permits

\* With potential extension

\*\* May be developed under a joint venture



## 2020 Adjusted EBITDA Guidance

(USD, millions)

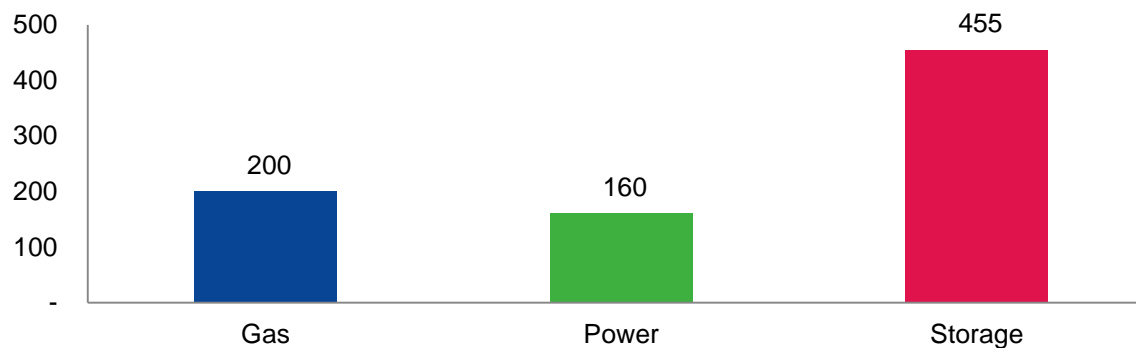
|                             | <u>Low</u>     | - | <u>High</u>    |
|-----------------------------|----------------|---|----------------|
| <b>2020 Adjusted EBITDA</b> | <b>\$1,005</b> | - | <b>\$1,080</b> |

Guidance range includes the following assumptions:

|                 |     |   |     |
|-----------------|-----|---|-----|
| Gas segment     | 390 | - | 420 |
| Power segment   | 140 | - | 165 |
| Storage segment | 200 | - | 215 |
| Joint Ventures  | 275 | - | 280 |

## 2020 CAPEX Plan

### 2020 Capital Expenditures<sup>1</sup>: US\$815 million






1. Capital Expenditures are cash expenditures and investments funded by IEnova and affiliates

# Summary

- Accomplished 2019 financial goals: Adjusted EBITDA within guidance
  - Fourth-quarter and full-year EBITDA results up 22% and 7%, respectively
- Started operations of the Marine pipeline and of our first three solar projects Rumorosa, Pima and Tepezalá
- Focused on executing our growth strategy by expanding and diversifying our portfolio
- Continued with reliable and safe operations

# Appendix

# 2020 new reporting segments

| Segment   | Sub-segment   | Projects that are or will be included   |   |   |   |  |   |
|---|---|---|---|---|---|--|---|
| <br><b>GAS</b>                       | <b>Distribution</b>                                   | Ecogas  |   |   |   |  |   |
|   | <b>Transportation</b>                                 | <table border="0"> <tr> <td>Sonora pipeline<br/>GRO pipeline<br/>Ramonos I pipeline</td> <td>Ethane pipeline<br/>Aguaprieta pipeline<br/>San Fernando Pipeline</td> <td>Samalayuca Pipeline<br/>TGN Pipeline</td> <td>Naco Compression Station<br/>Ojinaga-EI Encino pipeline</td> <td>San Isidro-Samalayuca pipeline<br/>Empalme Lateral</td> </tr> </table> | Sonora pipeline<br>GRO pipeline<br>Ramonos I pipeline   | Ethane pipeline<br>Aguaprieta pipeline<br>San Fernando Pipeline | Samalayuca Pipeline<br>TGN Pipeline               | Naco Compression Station<br>Ojinaga-EI Encino pipeline | San Isidro-Samalayuca pipeline<br>Empalme Lateral |
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| <b>Marketing</b>  | IEnova Marketing                                      |   |   |   |   |  |   |
| <br><b>POWER</b>                     | <b>Renewables</b>                                     | <table border="0"> <tr> <td>Ventika<br/>Rumorosa Solar<br/>Tepezalá Solar</td> <td>Don Diego Solar<br/>Border Solar<br/>Pima Solar</td> </tr> </table>  | Ventika<br>Rumorosa Solar<br>Tepezalá Solar   | Don Diego Solar<br>Border Solar<br>Pima Solar                   |   |  |   |
|   | Ventika<br>Rumorosa Solar<br>Tepezalá Solar           | Don Diego Solar<br>Border Solar<br>Pima Solar   |   |   |   |  |   |
| <b>Power plant</b>  | Termoeléctrica de Mexicali                            |   |   |   |   |  |   |
| <br><b>STORAGE</b>                  | <b>Refined products</b>                               | <table border="0"> <tr> <td>Veracruz<br/>Puebla<br/>Ciudad de Mexico</td> <td>Topolobampo<br/>Manzanillo<br/>Baja Refinados</td> </tr> </table>   | Veracruz<br>Puebla<br>Ciudad de Mexico  | Topolobampo<br>Manzanillo<br>Baja Refinados                     |   |  |   |
|   | Veracruz<br>Puebla<br>Ciudad de Mexico                | Topolobampo<br>Manzanillo<br>Baja Refinados   |   |   |   |  |   |
|   | <b>Liquefied Petroleum Gas</b>                        | Transportadora del Norte & TDF (LPG pipeline and LPG storage)   |   |   |   |  |   |
| <b>Liquefied Natural Gas</b>  | Energía Costa Azul (Regas)                            |   |   |   |   |  |   |
| <b>CORPORATE</b>  | <b>Corporate / Services</b>                           | NA  |   |   |   |  |   |
| <b>Joint Ventures</b>   | <b>Joint Ventures adjustments</b>                     | <table border="0"> <tr> <td>South of Texas – Tuxpan pipeline<br/>Ramonos Norte pipeline<br/>Energía Sierra Juarez (ESJ)<br/>ECA Liquefaction project</td> </tr> </table>  | South of Texas – Tuxpan pipeline<br>Ramonos Norte pipeline<br>Energía Sierra Juarez (ESJ)<br>ECA Liquefaction project |   |   |  |   |
| South of Texas – Tuxpan pipeline<br>Ramonos Norte pipeline<br>Energía Sierra Juarez (ESJ)<br>ECA Liquefaction project |   |   |   |   |   |  |   |

# Fourth-quarter 2019 and full year 2019 financial results



- In the fourth quarter of 2019, Adjusted EBITDA increased 22% to US\$253 million, compared with US\$208 million in the same period of 2018. The increase of US\$45 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% to US\$938 million, compared with US\$876 million in 2018. The increase of US\$62 million was mainly due to the start of operations of the South Texas – Tuxpan pipeline, Pima, Rumorosa and Tepezalá 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 US\$144 million, compared with US\$89 million in the same period of 2018. The increase of US\$55 million was mainly due to the EBITDA drivers mentioned above, non-cash exchange rate effects and lower financing cost.
- In 2019, profit was US\$468 million, compared with US\$431 million in 2018. The increase of US\$37 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.

