



# Analyst Conference

June 13, 2017



# Forward-Looking Statements and Clarifications Regarding IEnova



## **Forward-looking statements**

*This presentation contains 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 “believe,” “confident,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “propose,” “assume,” “may,” “will,” “can,” “would,” “could,” “should,” “potential,” “possible,” “project,” “contemplate,” “forecast,” “projection,” “maintain,” “target,” “outlook,” “depend,” “pursue,” “goal,” “opportunities,” “projections,” 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 risks and uncertainties are further discussed in the reports and other documents 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.cnbv.gob.mx](http://www.cnbv.gob.mx), the website of the Mexican Stock Exchange at [www.bmv.com.mx](http://www.bmv.com.mx) and on the company’s website at [www.ienova.com.mx](http://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.

## **Clarification of Numerical Information in this Presentation**

- *This presentation contains facts and figures that are derived from multiple government sources as well as IEnova’s best estimates based on its knowledge of the market.*
- *Amounts are presented in U.S. dollars, the functional currency of the company, unless otherwise noted, and with respect to IEnova in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).*
- *We present “EBITDA” and “Adjusted EBITDA” for the convenience of investors. However, they 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. A full definition of these terms can be found in our most recent financial statements, which are available on our web site at [www.ienova.com.mx](http://www.ienova.com.mx) in the Investor Relations Section.*

*This presentation must be interpreted and read with the oral presentation.*

# Forward-Looking Statements Regarding Sempra Energy



*Sempra Energy makes statements in this presentation that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based upon assumptions with respect to the future, involve risks and uncertainties, and are not guarantees of performance. These forward-looking statements represent our estimates and assumptions only as of the date of this presentation. We assume no obligation to update or revise any forward-looking statement as a result of new information, future events or other factors. In this report, when we use words such as “believes,” “expects,” “anticipates,” “plans,” “estimates,” “projects,” “forecasts,” “contemplates,” “assumes,” “depends,” “should,” “could,” “would,” “will,” “confident,” “may,” “can,” “potential,” “possible,” “proposed,” “target,” “pursue,” “outlook,” “maintain,” or similar expressions, or when we discuss our guidance, strategy, plans, goals, opportunities, projections, initiatives, objectives or intentions, we are making forward-looking statements.*

*Factors, among others, that could cause our actual results and future actions to differ materially from those described in forward-looking statements include actions and the timing of actions, including decisions, new regulations, and issuances of permits and other authorizations by the California Public Utilities Commission, U.S. Department of Energy, California Division of Oil, Gas, and Geothermal Resources, Federal Energy Regulatory Commission, U.S. Environmental Protection Agency, Pipeline and Hazardous Materials Safety Administration, Los Angeles County Department of Public Health, states, cities and counties, and other regulatory and governmental bodies in the United States and other countries in which we operate; the timing and success of business development efforts and construction projects, including risks in obtaining or maintaining permits and other authorizations on a timely basis, risks in completing construction projects on schedule and on budget, and risks in obtaining the consent and participation of partners; the resolution of civil and criminal litigation and regulatory investigations; deviations from regulatory precedent or practice that result in a reallocation of benefits or burdens among shareholders and ratepayers; modifications of settlements; delays in, or disallowance or denial of, regulatory agency authorizations to recover costs in rates from customers (including with respect to regulatory assets associated with the San Onofre Nuclear Generating Station facility and 2007 wildfires) or regulatory agency approval for projects required to enhance safety and reliability; the availability of electric power, natural gas and liquefied natural gas, and natural gas pipeline and storage capacity, including disruptions caused by failures in the transmission grid, moratoriums on the withdrawal or injection of natural gas from or into storage facilities, and equipment failures; changes in energy markets; volatility in commodity prices; moves to reduce or eliminate reliance on natural gas; the impact on the value of our investment in natural gas storage and related assets from low natural gas prices, low volatility of natural gas prices and the inability to procure favorable long-term contracts for storage services; risks posed by actions of third parties who control the operations of our investments, and risks that our partners or counterparties will be unable or unwilling to fulfill their contractual commitments; weather conditions, natural disasters, accidents, equipment failures, computer system outages, explosions, terrorist attacks and other events that disrupt our operations, damage our facilities and systems, cause the release of greenhouse gases, radioactive materials and harmful emissions, cause wildfires and subject us to third-party liability for property damage or personal injuries, fines and penalties, some of which may not be covered by insurance (including costs in excess of applicable policy limits) or may be disputed by insurers; cybersecurity threats to the energy grid, storage and pipeline infrastructure, the information and systems used to operate our businesses and the confidentiality of our proprietary information and the personal information of our customers and employees; capital markets and economic conditions, including the availability of credit and the liquidity of our investments; and fluctuations in inflation, interest and currency exchange rates and our ability to effectively hedge the risk of such fluctuations; changes in the tax code as a result of potential federal tax reform, such as the elimination of the deduction for interest and non-deductibility of all, or a portion of, the cost of imported materials, equipment and commodities; changes in foreign and domestic trade policies and laws, including border tariffs, revisions to favorable international trade agreements, and changes that make our exports less competitive or otherwise restrict our ability to export; the ability to win competitively bid infrastructure projects against a number of strong and aggressive competitors; expropriation of assets by foreign governments and title and other property disputes; the impact on reliability of San Diego Gas & Electric Company’s (SDG&E) electric transmission and distribution system due to increased amount and variability of power supply from renewable energy sources; the impact on competitive customer rates due to the growth in distributed and local power generation and the corresponding decrease in demand for power delivered through SDG&E’s electric transmission and distribution system and from possible departing retail load resulting from customers transferring to Direct Access and Community Choice Aggregation; and other uncertainties, some of which may be difficult to predict and are beyond our control.*

*These forward-looking statements speak only as of the date hereof, and Sempra Energy undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. These risks and uncertainties are further discussed in the reports that Sempra Energy has filed with the Securities and Exchange Commission. These reports are available through the EDGAR system free-of-charge on the SEC’s website, [www.sec.gov](http://www.sec.gov), and on the Sempra Energy website at [www.sempra.com](http://www.sempra.com).*



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- 9:30 am **Welcome**  
Carlos Ruiz Sacristán, *Chairman & Chief Executive Officer*
- 
- 9:35 am **Sempra Energy**  
Jeffrey W. Martin, *Sempra Executive Vice President & Chief Financial Officer*
- 
- 9:50 am **IEnova Highlights**  
Carlos Ruiz Sacristán, *Chairman & Chief Executive Officer*
- 
- 10:15 am **Break**
- 
- 10:30 am **Growth Plan**  
Tania Ortiz Mena, *Chief Development Officer*
- 
- 10:50 am **M&A Potential**  
Nelly Molina, *Vice President of Finance*
- 
- 10:55 am **Financial Highlights & Funding Capabilities**  
Nelly Molina, *Vice President of Finance*
- 
- 11:05 am **Closing Remarks**  
Carlos Ruiz Sacristán, *Chairman & Chief Executive Officer*
- 
- 11:10 am **Q&A**
- 
- 12:00 - 1:00 pm **Lunch**
- 
- Guest Speaker**  
Federico Reyes Heróles



**Dennis V. Arriola**

*Executive Vice President of Corporate  
Strategy & External Affairs*



**Trevor I. Mihalik**

*Senior Vice President, Controller &  
Chief Accounting Officer*



**Richard A. Vaccari**

*Vice President of Investor Relations*



**Juan Rodríguez**

*Chief Corporate Affairs & Human  
Capital Officer*





**Roberto Rubio**

*Vice President & Controller*



**Jorge Molina**

*Commercial Vice President*



**Juancho Eekhout**  
*Vice President of Development*



**Jeffrey W. Martin**  
*Executive Vice President  
& Chief Financial Officer*



# Sempra Energy



**Jeffrey W. Martin**

SEMPRA EXECUTIVE VICE PRESIDENT  
& CHIEF FINANCIAL OFFICER



**~\$1.4B**  
2016  
Earnings<sup>1</sup>

**BBB+**  
Credit Rating<sup>2</sup>

**~\$29B**  
Market Cap<sup>3</sup>

**10-11%**  
Projected 2017-2021  
EPS CAGR<sup>4</sup>

**8-9%**  
Planned Annual DPS  
Growth<sup>5</sup>

**Sempra Utilities**

**Sempra Infrastructure**



Sempra  
South American  
Utilities



(1) Data for the year ended December 31, 2016; Please refer to our most recent Annual Report on Form 10-K for additional information.

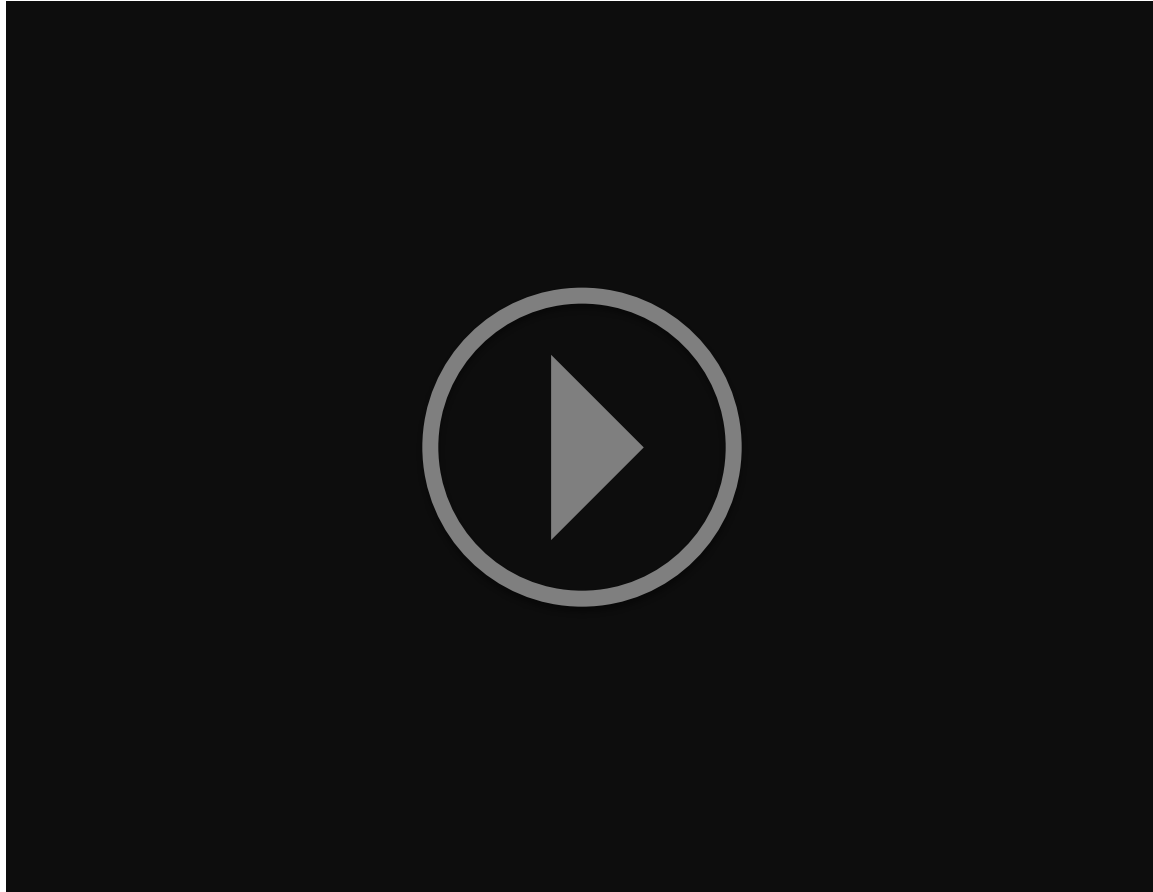
(2) Standard & Poor's.

(3) Data as of May 31, 2017 and is from Bloomberg.

(4) Projected EPS compound annual growth rate (CAGR) is calculated from the 2017 guidance range through 2021. Growth rates for each individual year may vary.

(5) 8% - 9% growth rate assumed as a planning convention from 2017 - 2021. The amount and timing of dividends payable and the dividend policy are at the sole discretion of the Sempra Energy Board of Directors and, if declared and paid, dividends may be in amounts that are less than projected.

(6) IEnova is included within the Sempra Mexico segment.





Disciplined Corporate Strategy

Diverse & Flexible Growth Platforms

Strong Parent Support

## Earnings Visibility

- Large, growing markets
- Solid regulatory and commercial environments
- Attractive returns with similar risk profiles
- Long-term contracts
- Primarily U.S. dollar-based contracts
- Credit-worthy counterparties
- Proven track record

***Our businesses share a common investment rationale***





Disciplined Corporate Strategy

Diverse & Flexible Growth Platforms

Strong Parent Support

## Growth Platforms

- Safety & Reliability: Focus on enhancing infrastructure
- System Modernization: Fueled by the need to connect regions, technology, integration of distributed generation, and renewables
- Electrification & Decarbonization: Growth of clean power and transportation markets
- Global Gas & Liquids Demand: Demand for liquids pipelines, terminals, and gas continues to grow; U.S. / Mexico expected to be one of the top LNG exporters

***Our growth platforms are tied together under common business environments***



Disciplined Corporate Strategy

Diverse & Flexible Growth Platforms

Strong Parent Support

## Strong Support

- 21-year history of Mexican operations
- Sempra's technical, operational, and commercial expertise is leveraged by IEnova to create additional growth
  - Existing: Gas Dist., Pipelines, LNG Regas, CCGT Power Generation, Renewables<sup>1</sup>
  - Future Opportunities: Gas Storage, LNG Liquefaction, Electric Transmission, Energy Storage
- Mexico energy market transformation presents opportunities in-line with growth platforms

***Strong parent expertise leads to long-term strategic value for IEnova***



Disciplined Corporate  
Strategy

Diverse & Flexible  
Growth Platforms

Strong Parent  
Support

At Sempra, we believe our industry is undergoing profound change. Opportunities will go to companies that assert leadership in new markets.

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IEnova fits our strategy and has a unique opportunity to help transform and improve Mexico's infrastructure for the benefit of businesses and consumers alike.

# IEnova Highlights



**Carlos Ruiz Sacristán**  
CHAIRMAN & CHIEF EXECUTIVE OFFICER



*Delivering*  
**GROWTH**  
*in an evolving market*



# Today IEnova is positioned to deliver growth



Leading energy infrastructure company



Large energy infrastructure projects



Diverse portfolio



Stable and growing cash flows



Long term, take or pay, dollar contracts



Attractive returns



Listed on the Mexican Stock Exchange



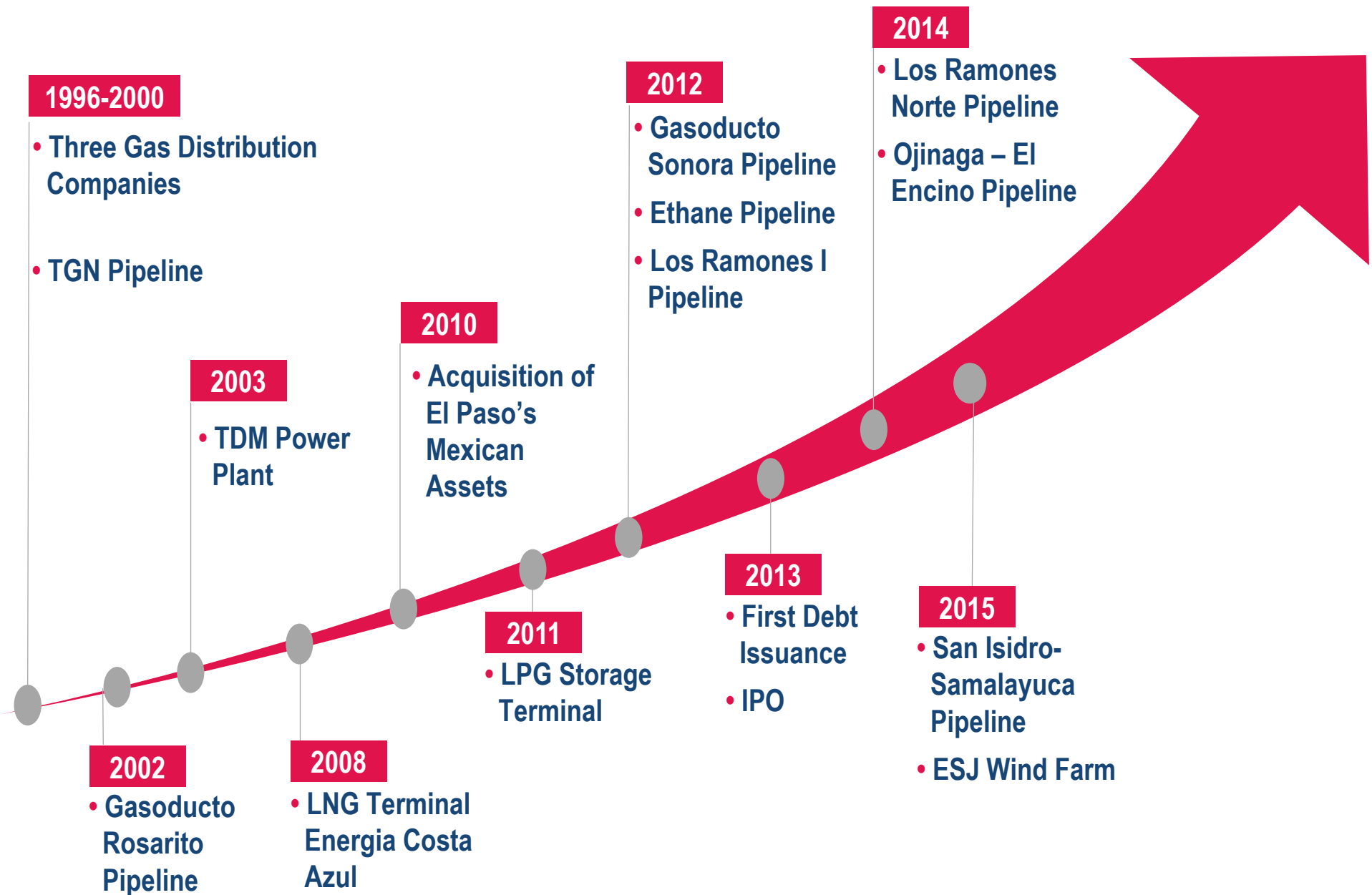
Strong management team

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**Right place, right time, right team, right parent company**

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# For more than 20 years, IEnova has been successfully delivering growth...



For more than 20 years, IEnova has been successfully delivering growth...



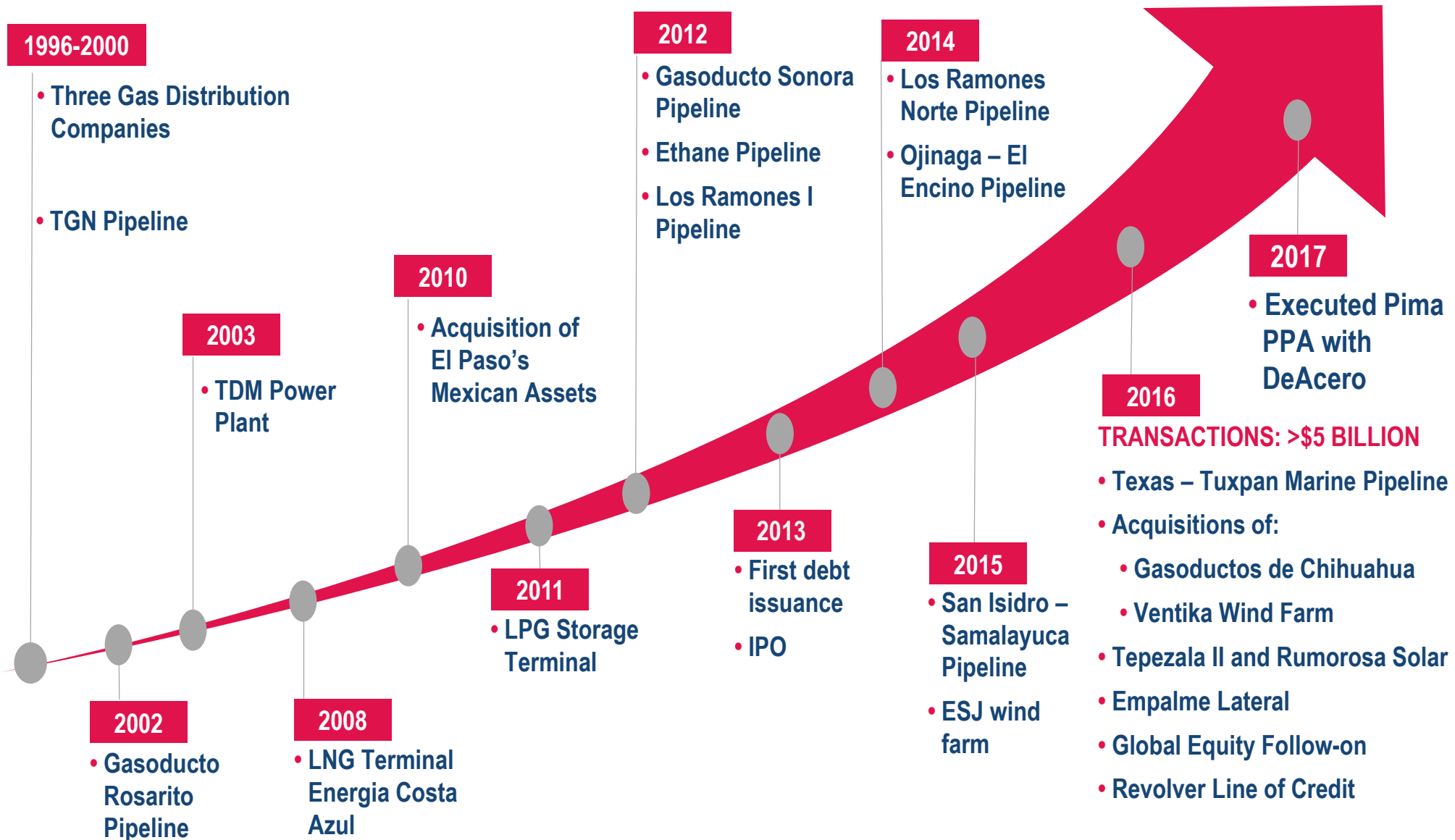
**2016**

**TRANSACTIONS: >\$5 BILLION**

- **Texas – Tuxpan Marine Pipeline**
- **Acquisitions of**
  - **Gasoductos de Chihuahua**
  - **Ventika Wind Farm**
- **Tepezala II and Rumorosa Solar**
- **Empalme Lateral**
- **Global Equity Follow-on**
- **Revolver Line of Credit**



# For more than 20 years, IEnova has been successfully delivering growth...



through increasing total assets...



**~US\$7.5  
BILLION**

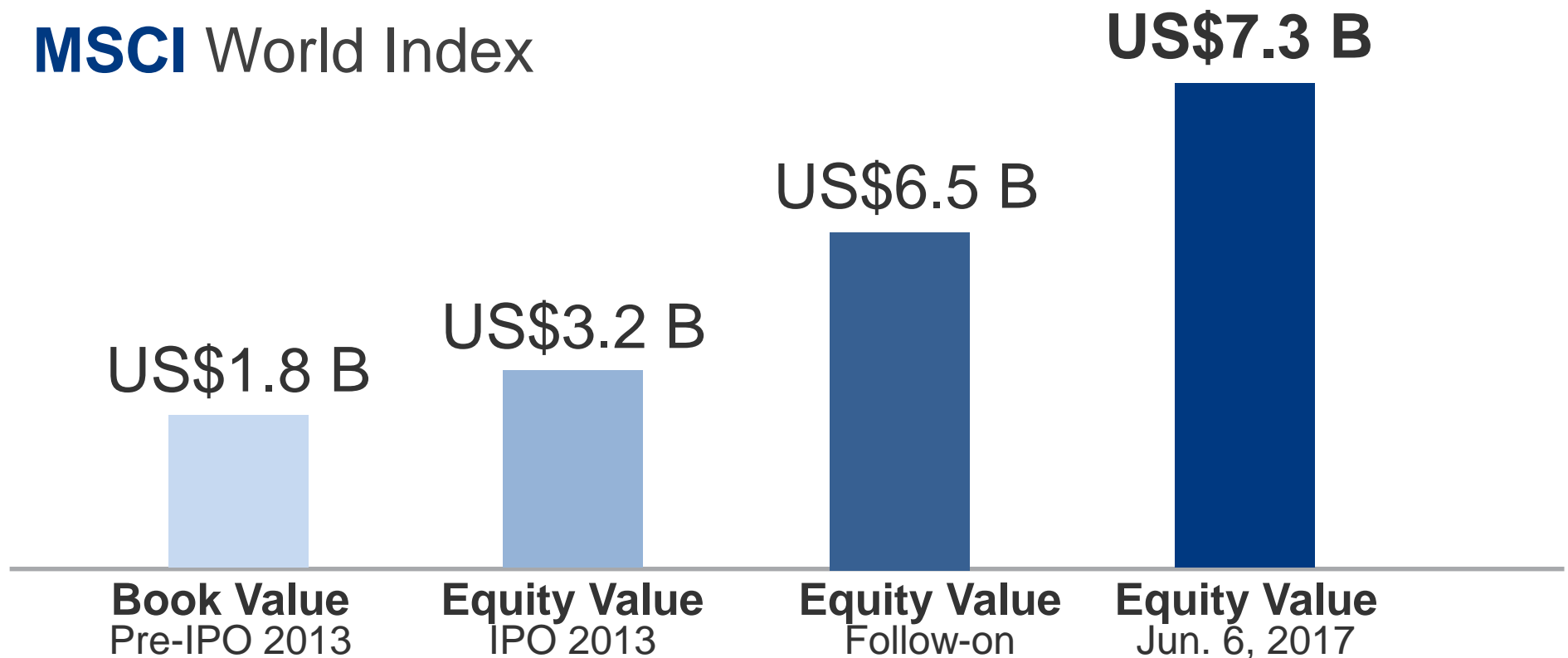
**US\$20  
MILLION**





**Enova** is **part** of the:

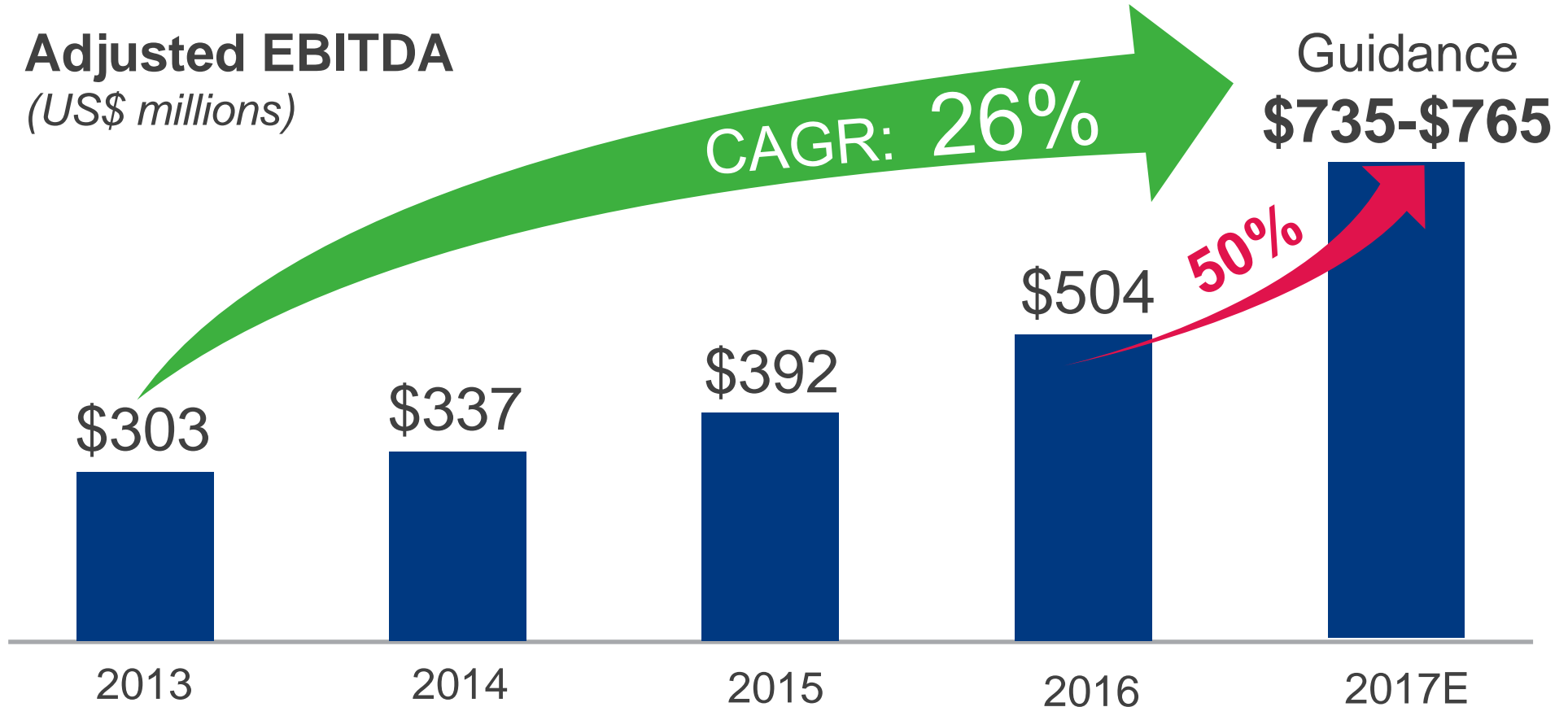
- Mexican **IPC** Index
- IPC **Sustainability** Index
- **MSCI** World Index



**Top 17 largest public companies in Mexico**



### Adjusted EBITDA (US\$ millions)



**ATTRACTIVE  
RETURNS**



**SOLID BALANCE  
SHEET**



**INVESTMENT  
GRADE  
CREDIT RATING**



**EFFICIENT  
CAPITAL  
STRUCTURE**



because we have been able to successfully execute



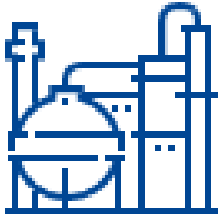
## **25 PROJECTS EXECUTED**

- On budget
- Within expected returns and economics

**INCREASED DEVELOPMENT,  
CONSTRUCTION, AND  
OPERATIONAL CAPACITY**

**SAFE, RELIABLE, AND  
SUSTAINABLE OPERATIONS**

# The energy market is evolving...



## LIQUIDS

EXPLORATION &  
PRODUCTION

GATHERING &  
PROCESSING

REFINING

TRANSPORTATION

DISTRIBUTION

STORAGE

MARKETING



## NATURAL GAS

EXPLORATION &  
PRODUCTION

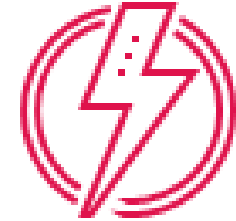
GATHERING &  
PROCESSING

TRANSPORTATION

DISTRIBUTION

STORAGE

MARKETING



## POWER

GENERATION

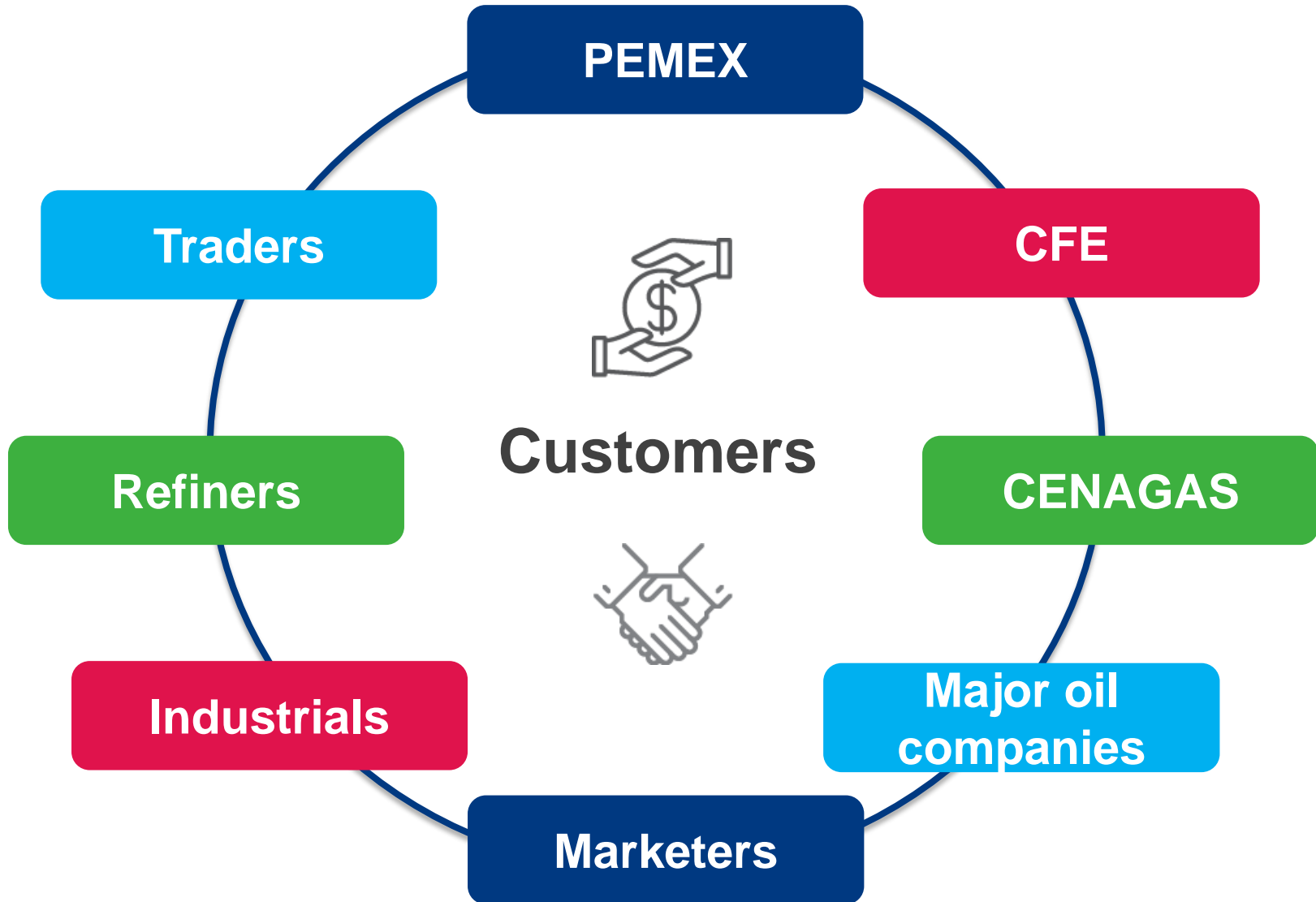
TRANSMISSION

DISTRIBUTION

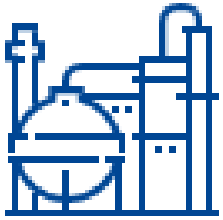
MARKETING

**US\$70 BILLION COMMITTED TO DATE**

and so is the universe of customers



Therefore, our investment options are evolving...



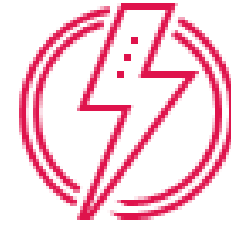
## LIQUIDS

Storage  
Pipelines  
Gathering  
Processing



## NATURAL GAS

Pipelines  
Storage  
LNG  
Distribution



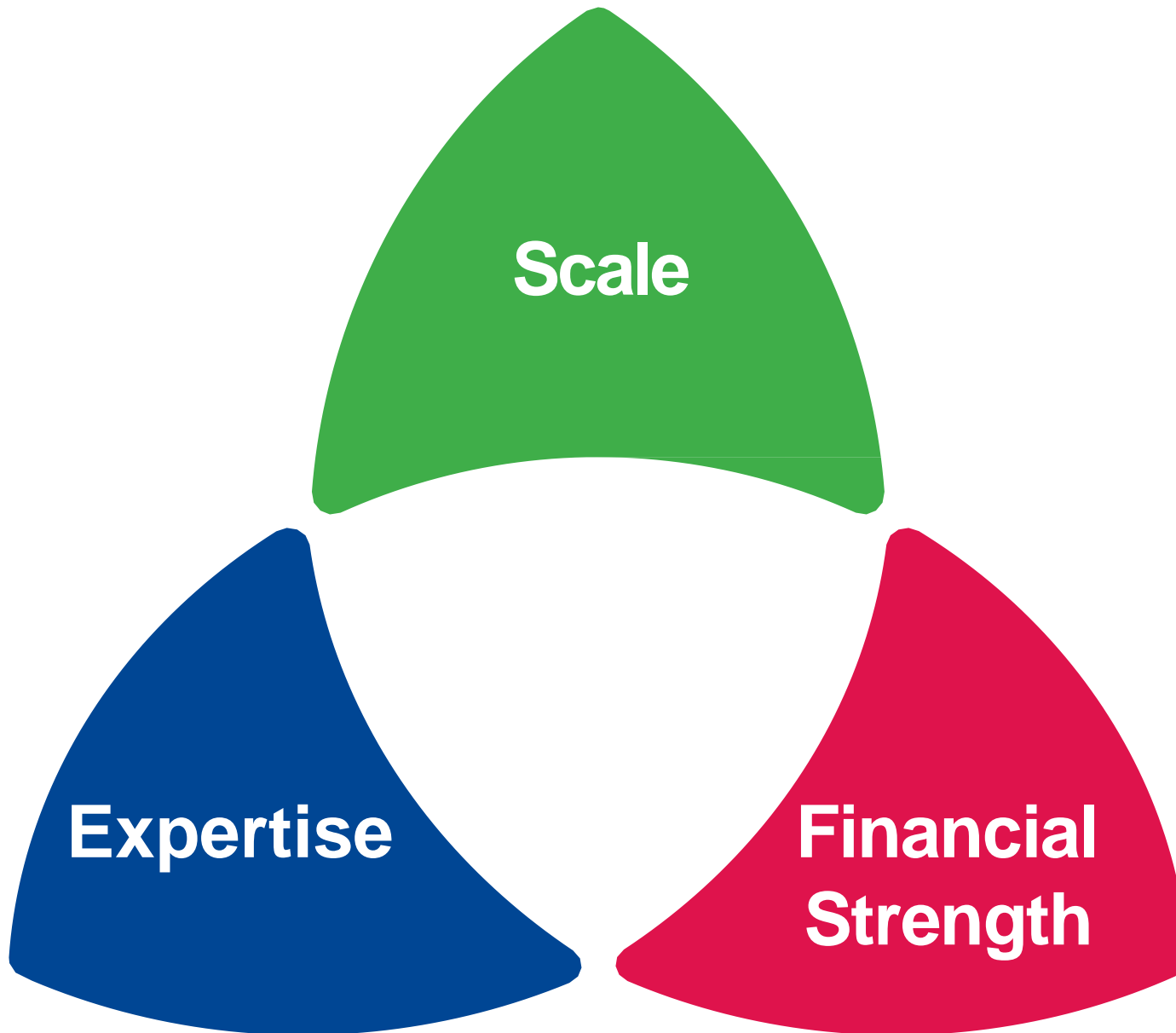
## POWER

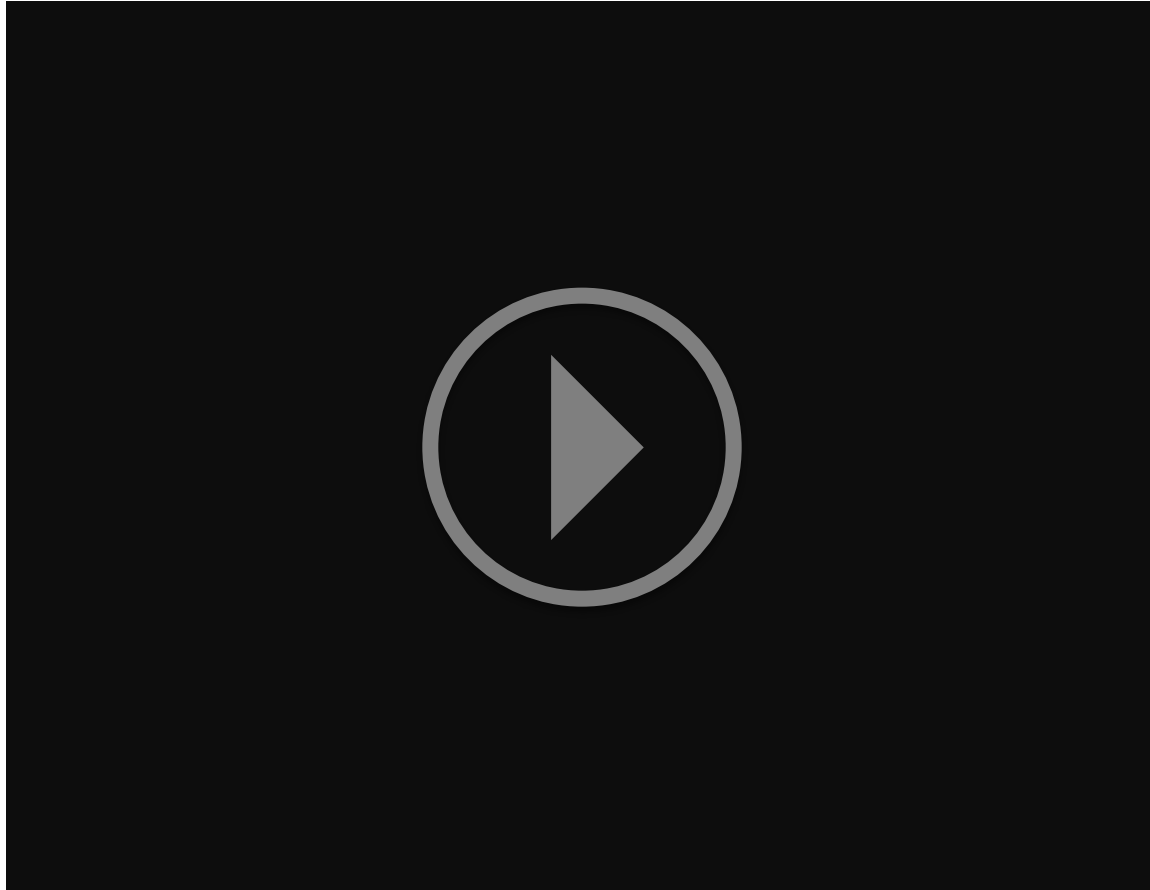
Renewables  
Transmission  
Generation

**Consistent business model and returns**



and we are ideally positioned







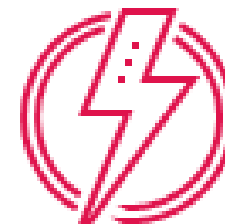
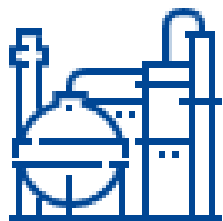
# Our Growth Plan



**Tania Ortiz Mena**  
CHIEF DEVELOPMENT OFFICER



As mentioned before, we have multiple opportunities...



## LIQUIDS

Gathering

Processing

Storage

Pipelines

## NATURAL GAS

Pipelines

Storage

LNG

Distribution

## POWER

Renewables

Generation

Transmission

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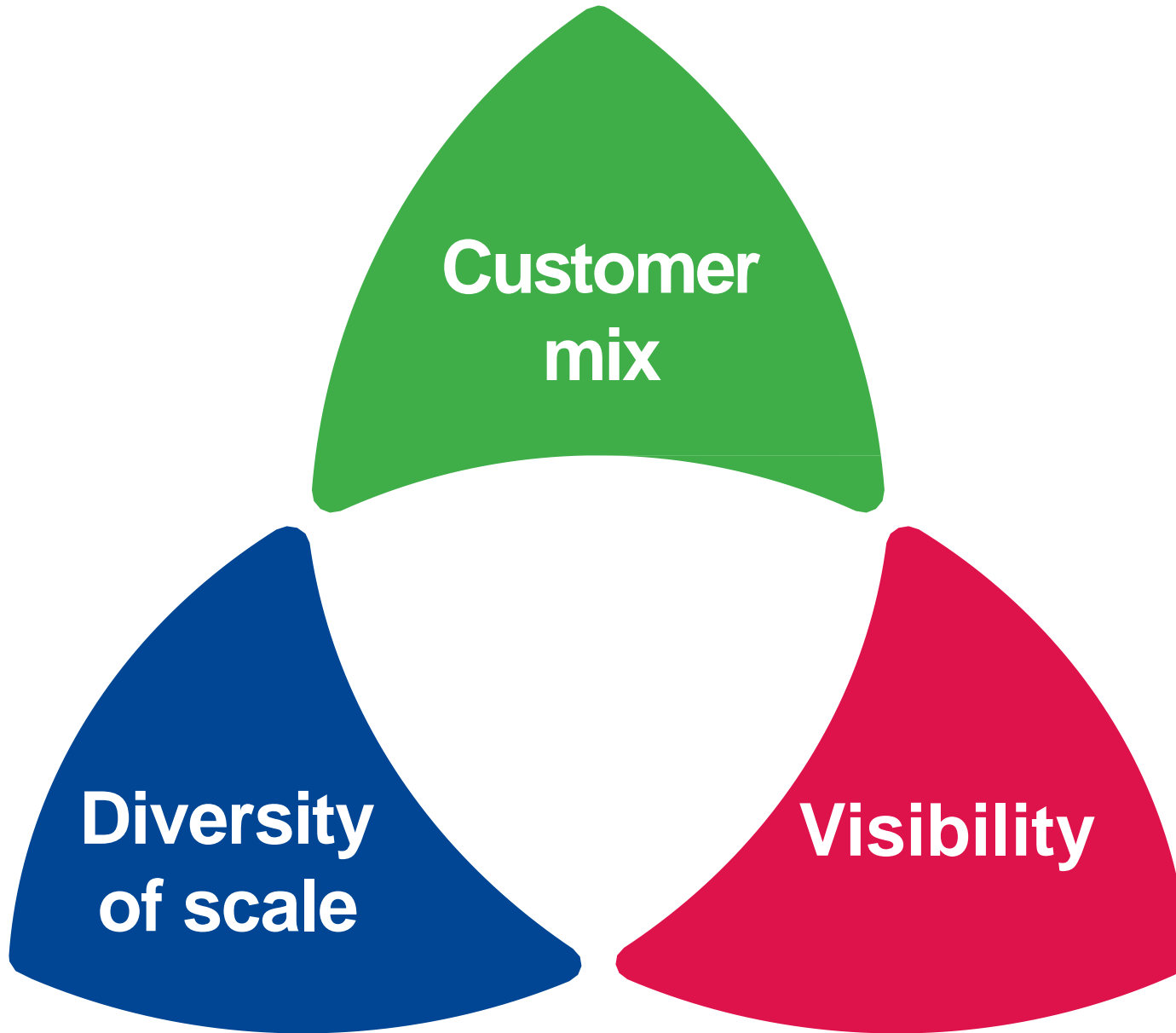
### POTENTIAL MARKET OPPORTUNITIES THROUGH 2025

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>US\$10 BILLION

>US\$10 BILLION

>US\$25 BILLION

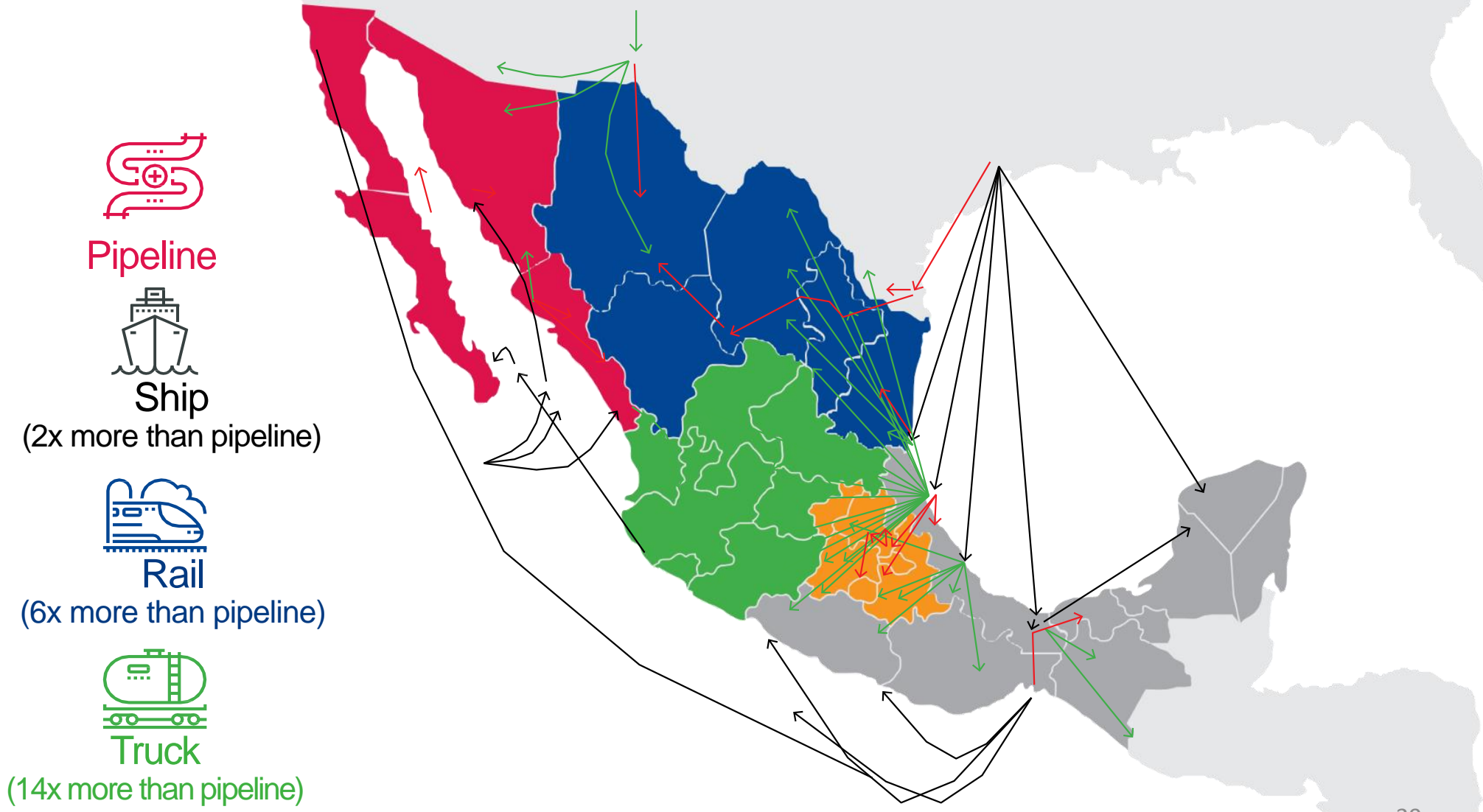


# The refined products market is opening...

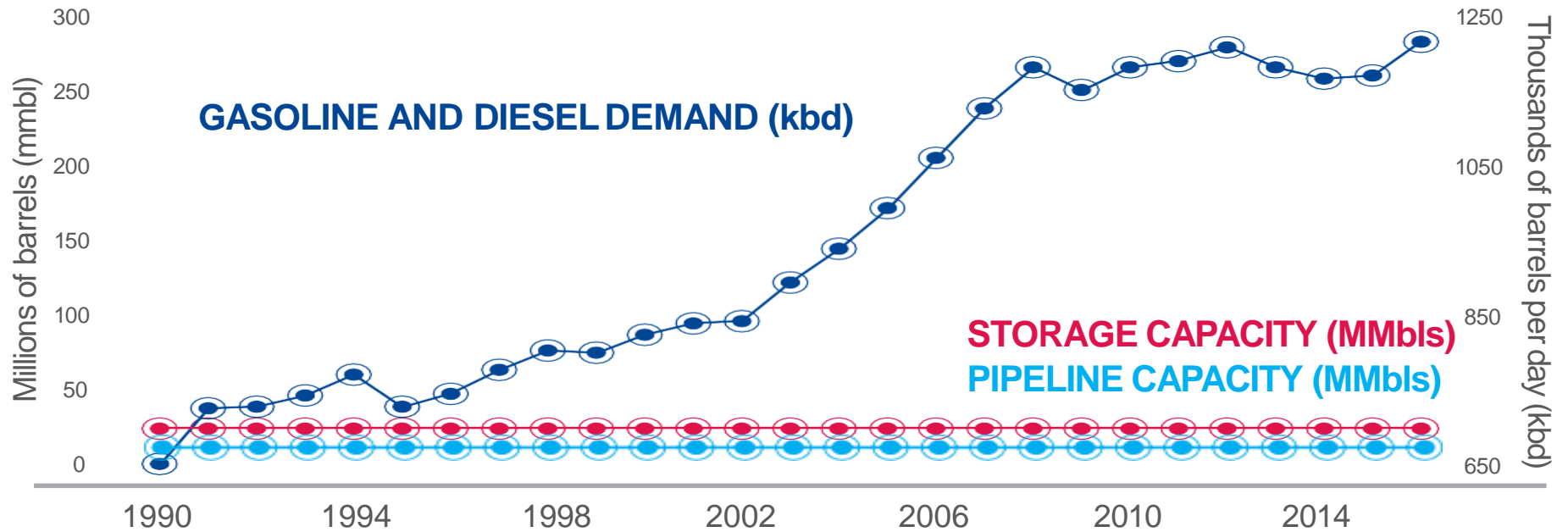




# Gasoline logistics



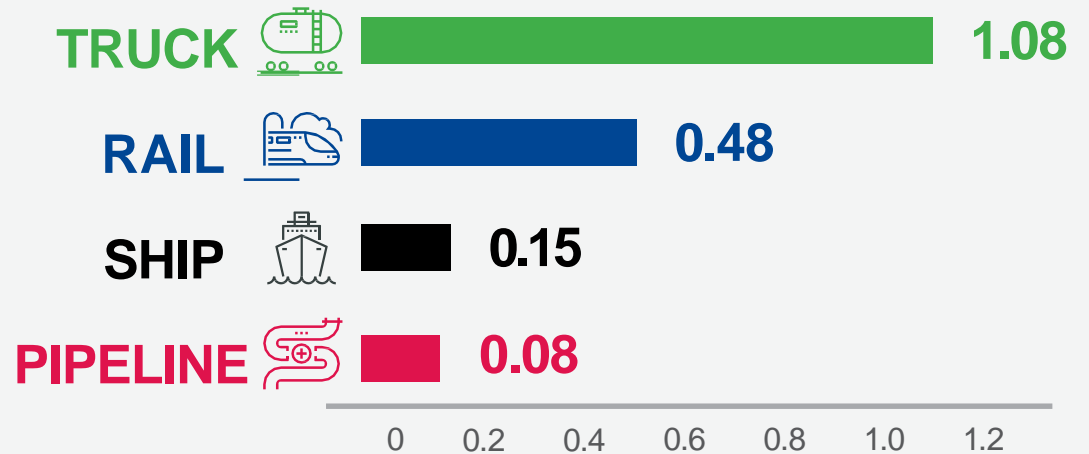
as a result, significant infrastructure is required



**SENER Minimum Inventory Mandate**

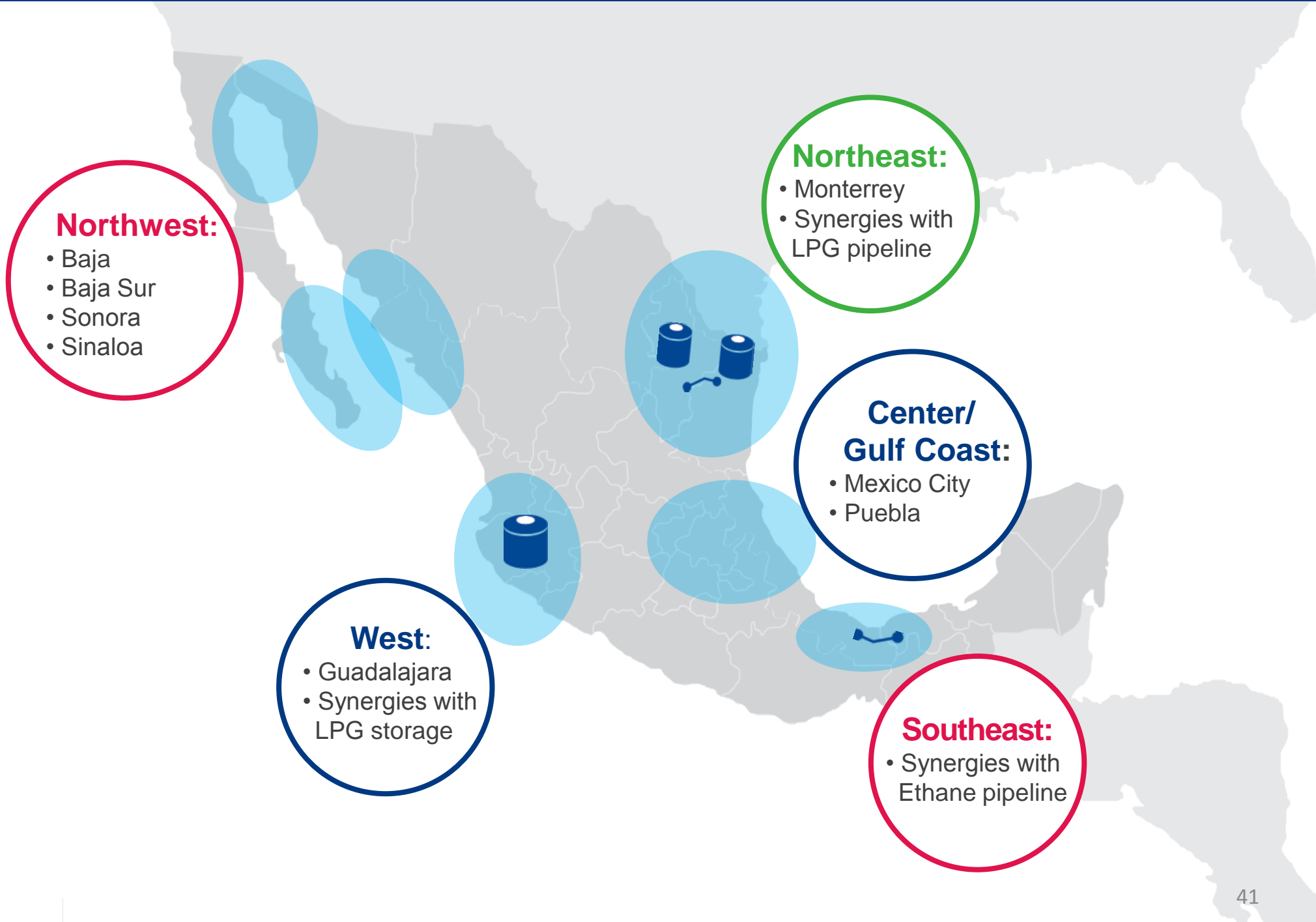


**Transportation Cost**  
MXN Pesos ton/km





# We are actively pursuing projects with private customers...





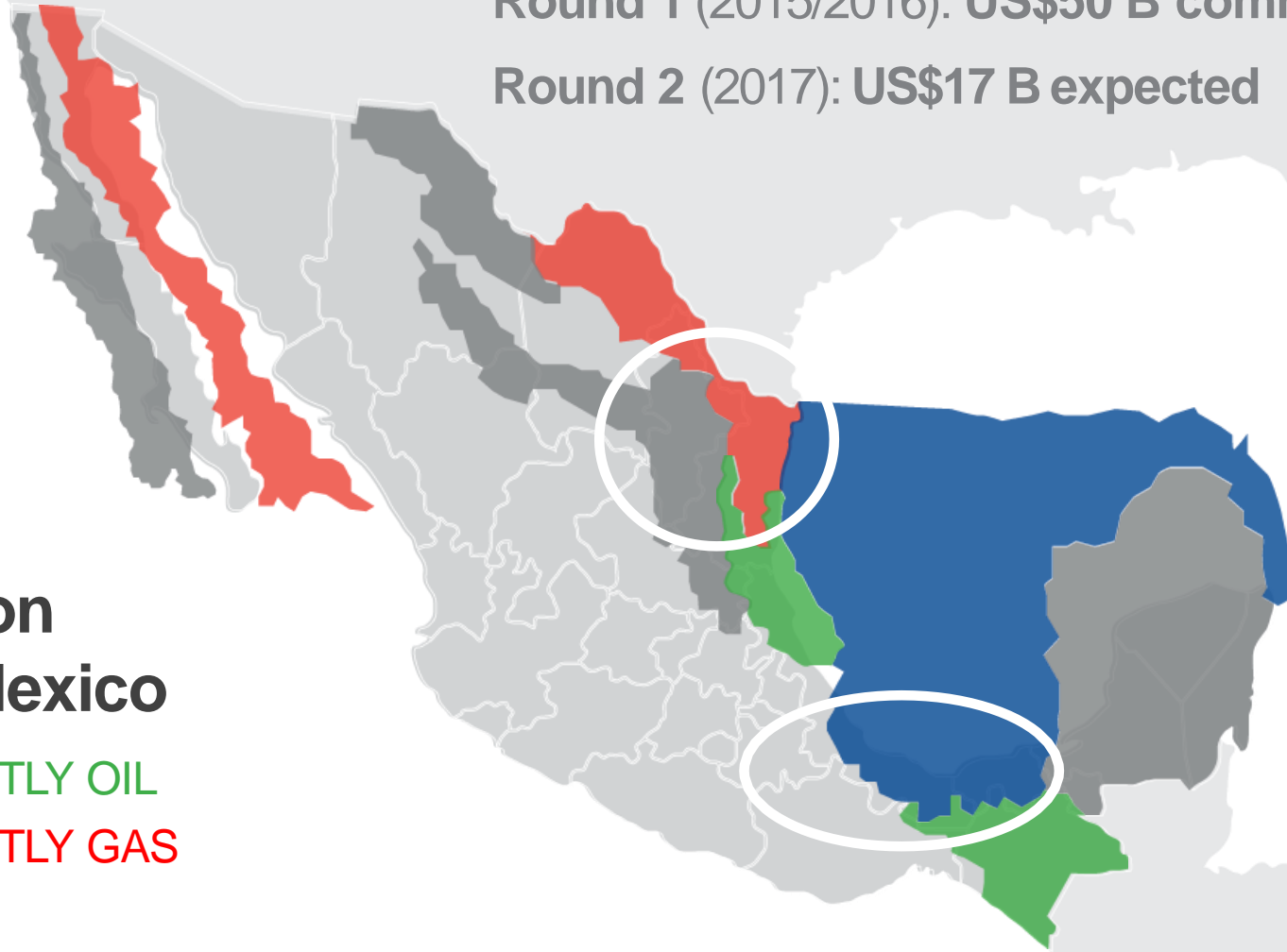
**FIRST E&P AUCTIONS:**

Round 1 (2015/2016): US\$50 B committed

Round 2 (2017): US\$17 B expected

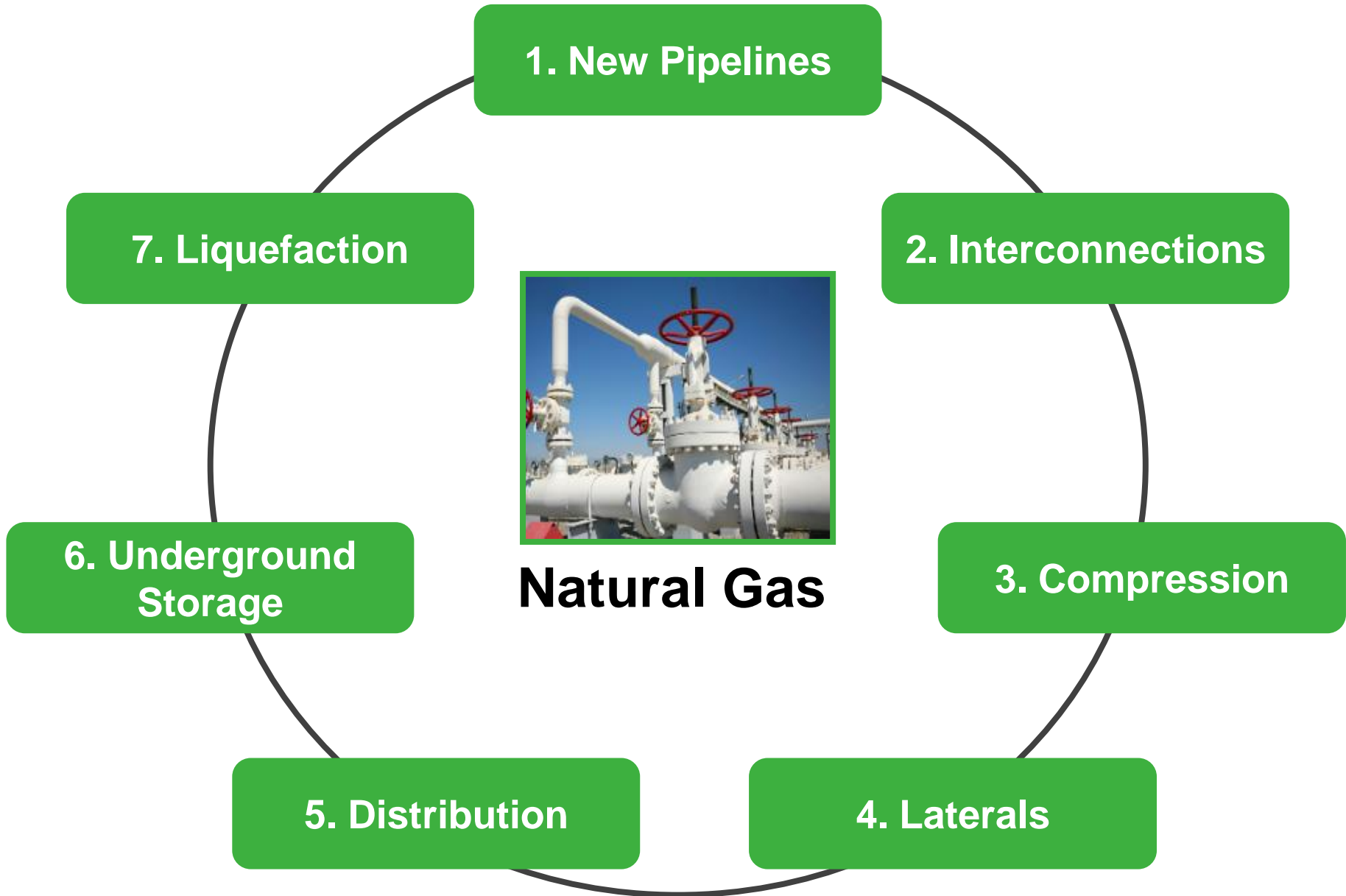
**Hydrocarbon Basins in Mexico**

- PREDOMINANTLY OIL
- PREDOMINANTLY GAS
- OIL AND GAS
- UNKNOWN



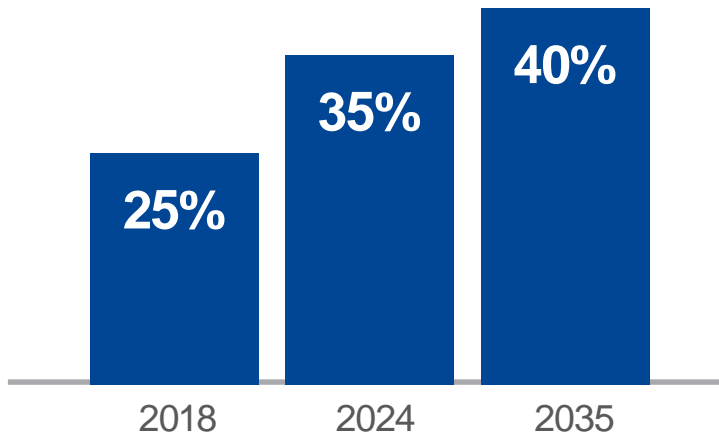
# The natural gas market has evolved...







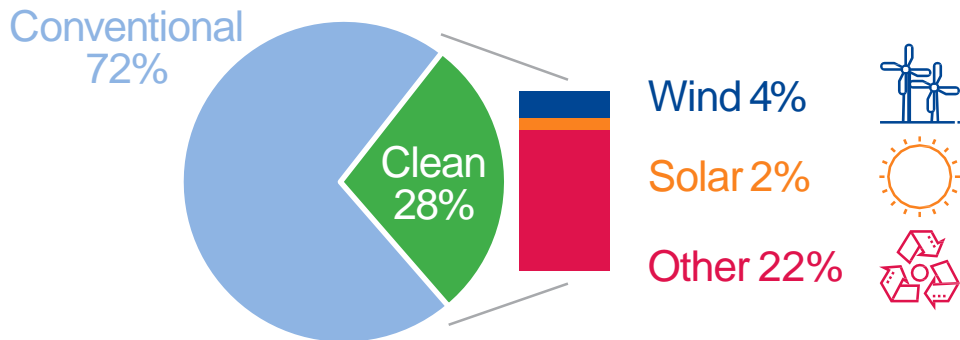
## Clean Energy Targets



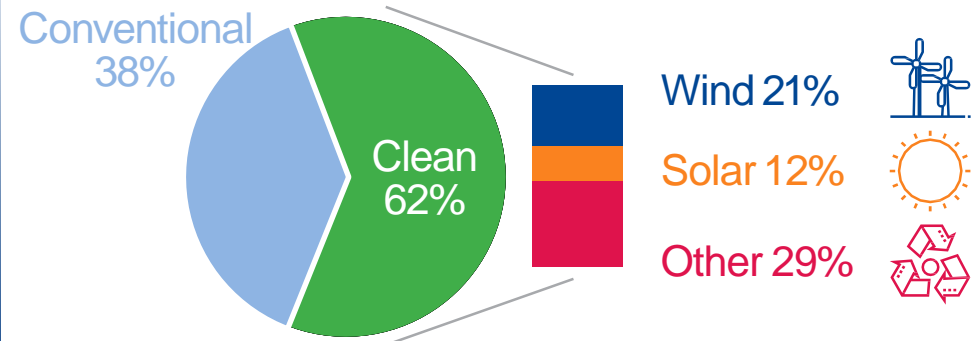
## Estimated Additions 2019 - 2024

**>2.5 GW per year**  
**US\$10 – US\$15 BILLION**  
investment

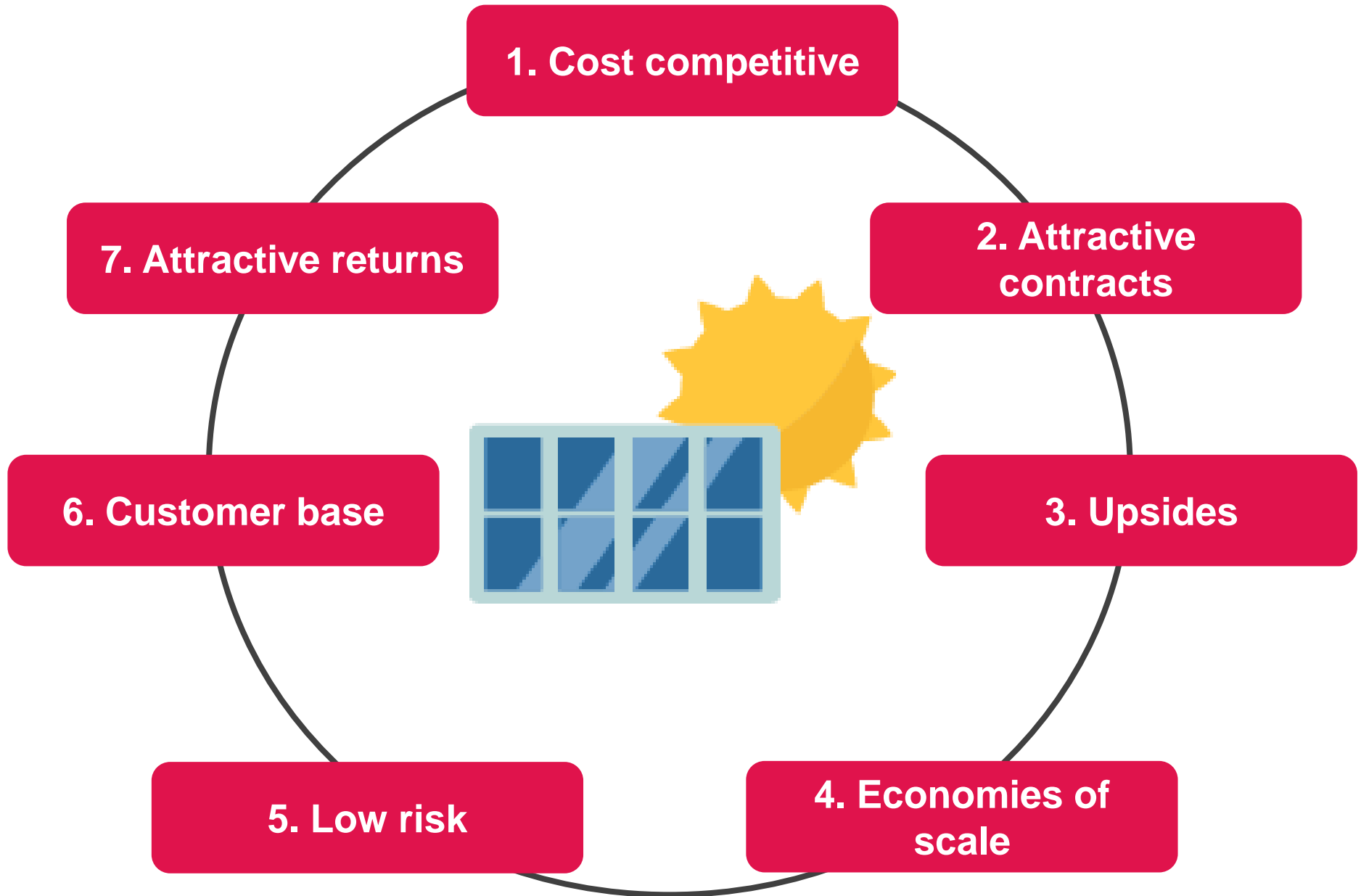
## Power Generation Capacity 2016 71 GW



## Estimated Capacity Additions 2016 - 2030 54 GW



# Renewable energy is an attractive investment for IEnova

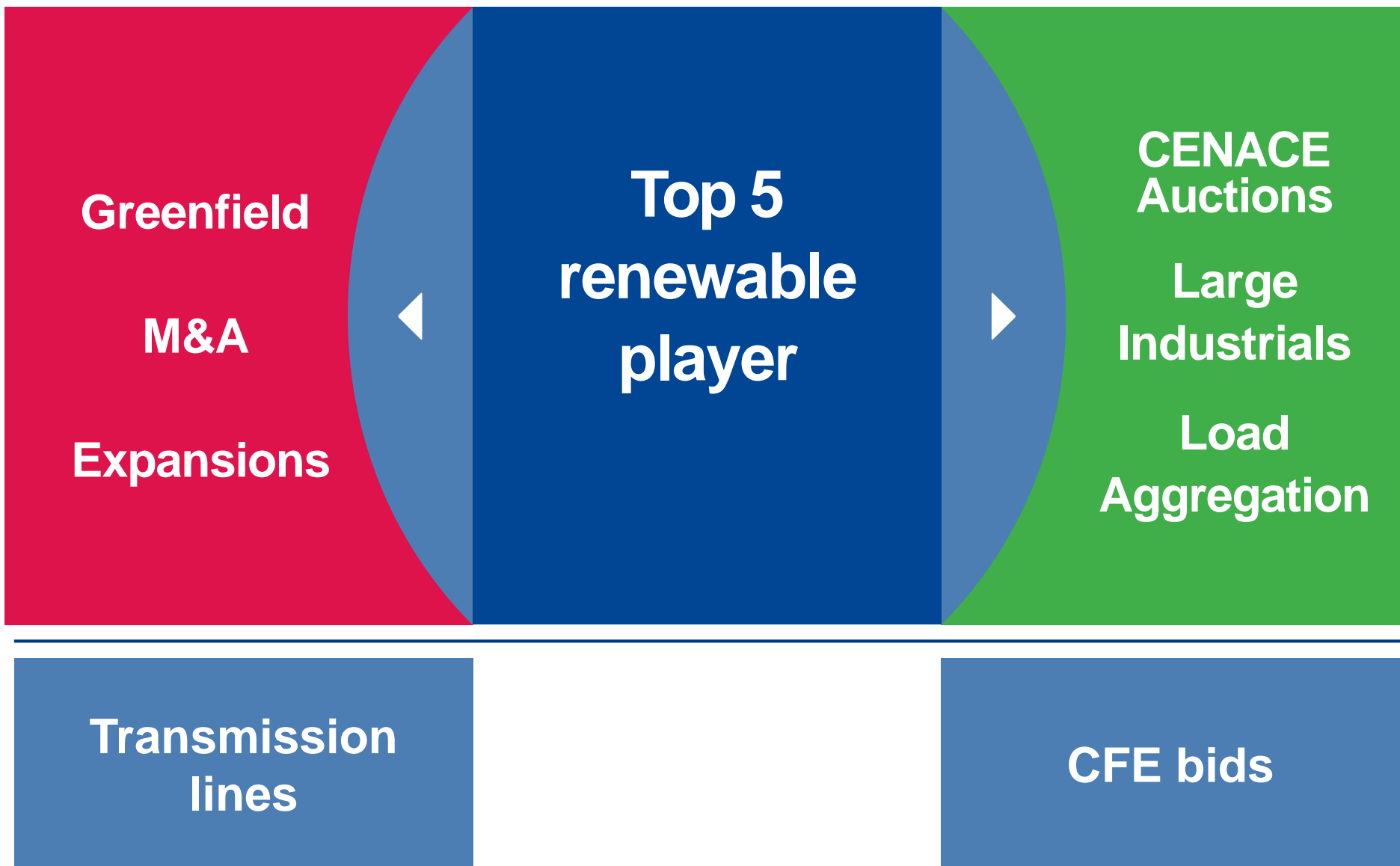


# There are many short-term investment opportunities



## PROJECT TYPE

## SOURCES OF DEMAND



# In a competitive environment...



**Natural Gas**

Large operators

**Renewables**

Developers  
Funds  
International utilities

**Liquids**

Midstream companies  
Refiners and Marketers  
Funds

**Transmission**

International operators



where we have or expect to achieve a key position



Leadership in natural gas

Expand participation in midstream

Consolidate position in renewables

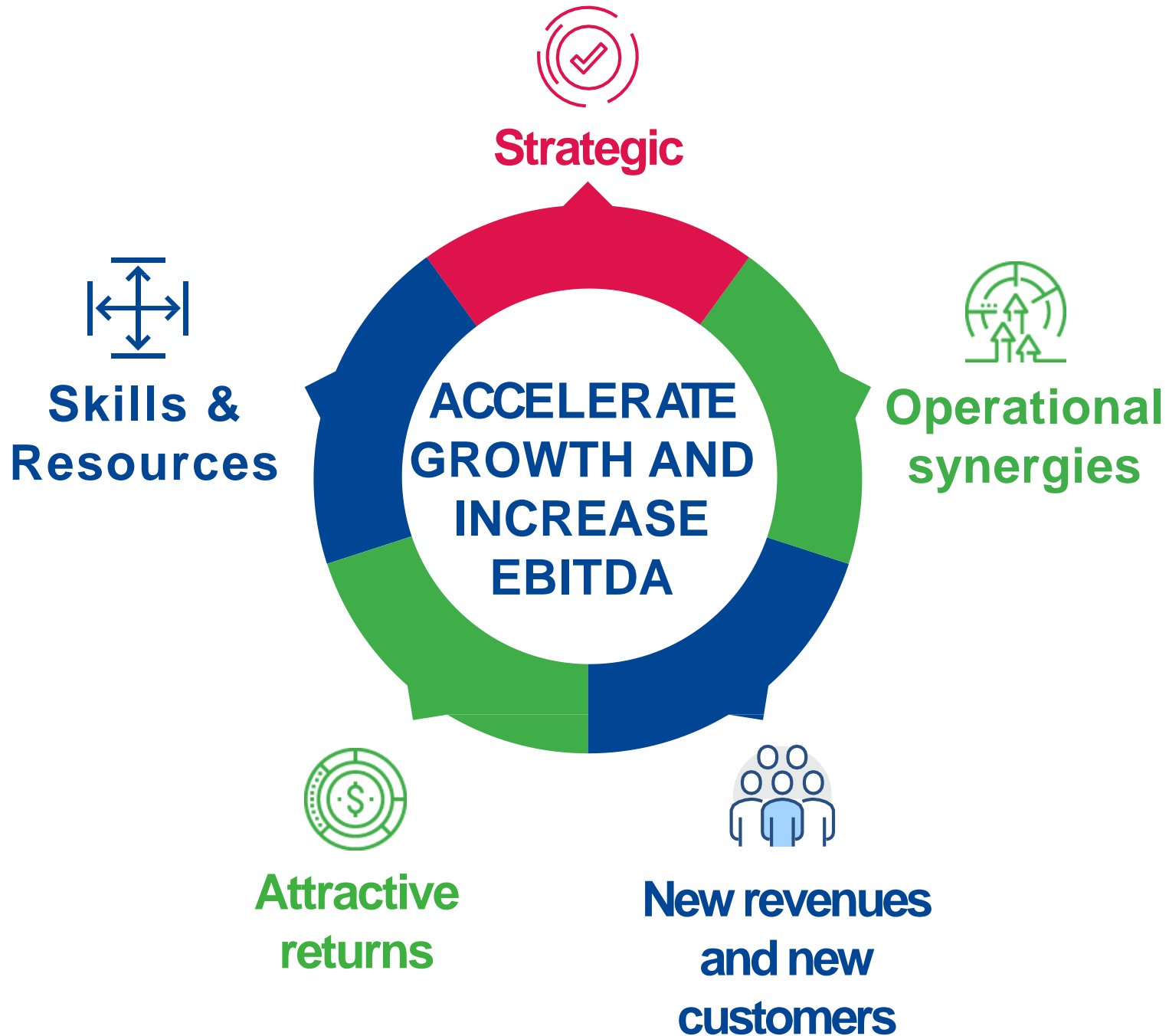
Enter transmission segment



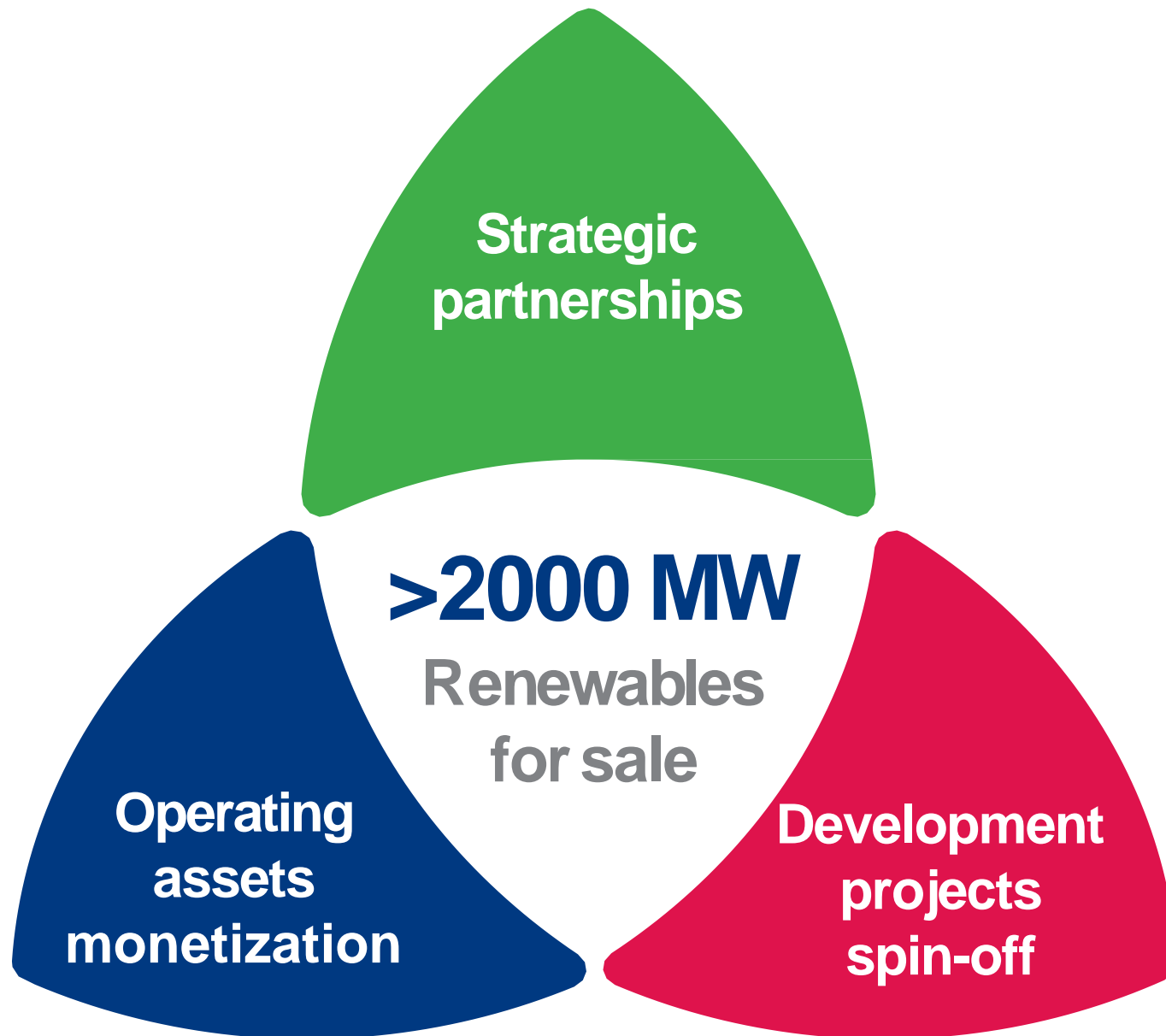
# M&A Potential

**Nelly Molina**  
VICE PRESIDENT OF FINANCE

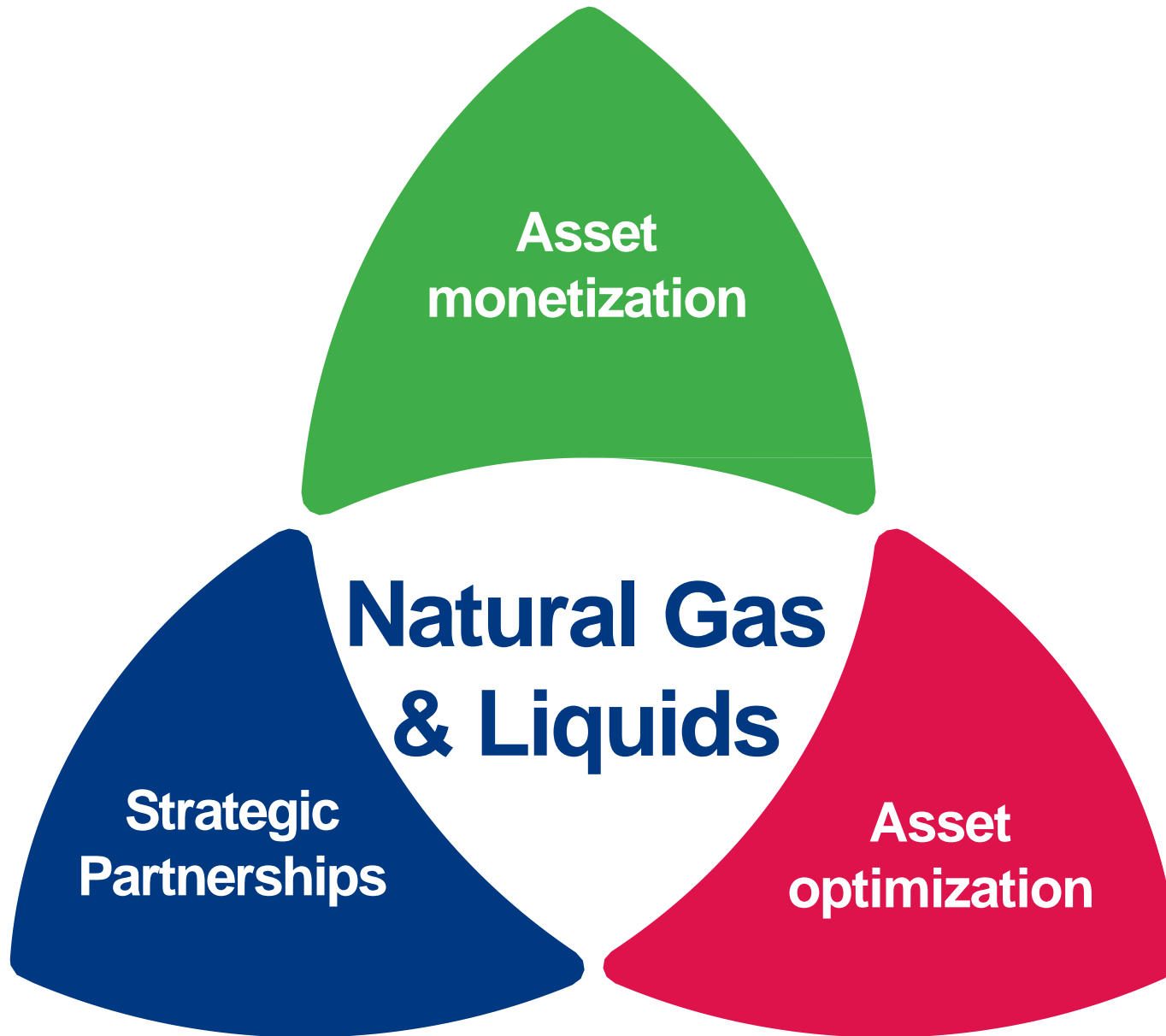




therefore, we are actively pursuing renewable deals...



as well as gas and liquids transactions





# Financial Highlights and Funding Capabilities



**Nelly Molina**  
VICE PRESIDENT OF FINANCE

Our diversified asset base and execution capability provide a growth platform...



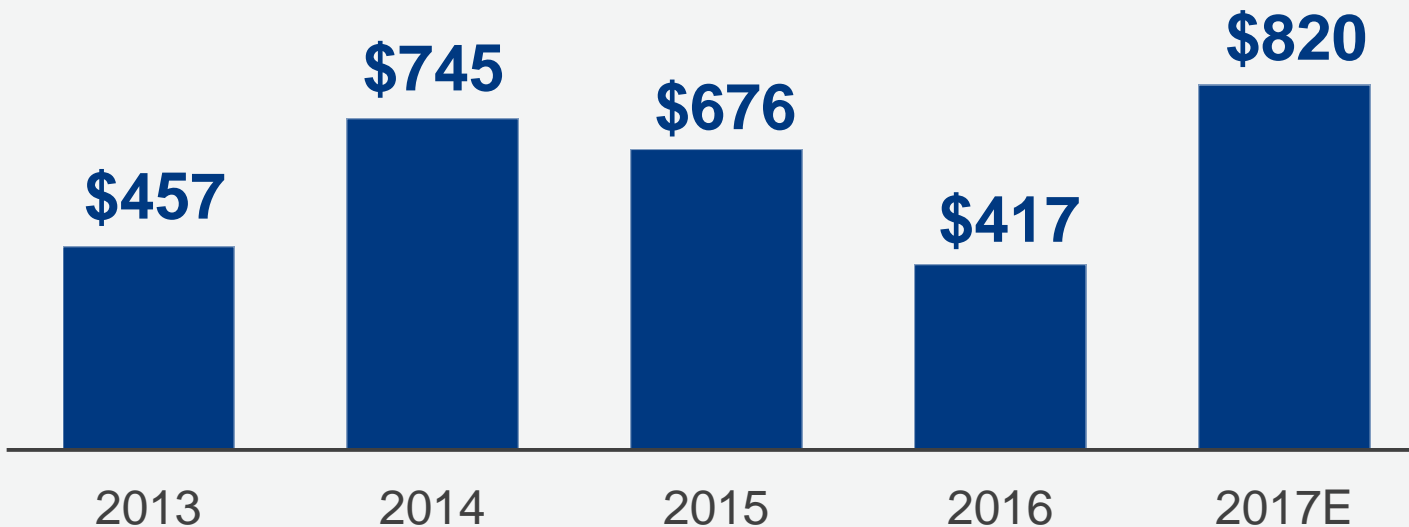
## Assets in Operations and Construction



**+US\$1 B**  
Revenues 2017E

## Capital Expenditures

*(including JV's; in US\$ millions)*

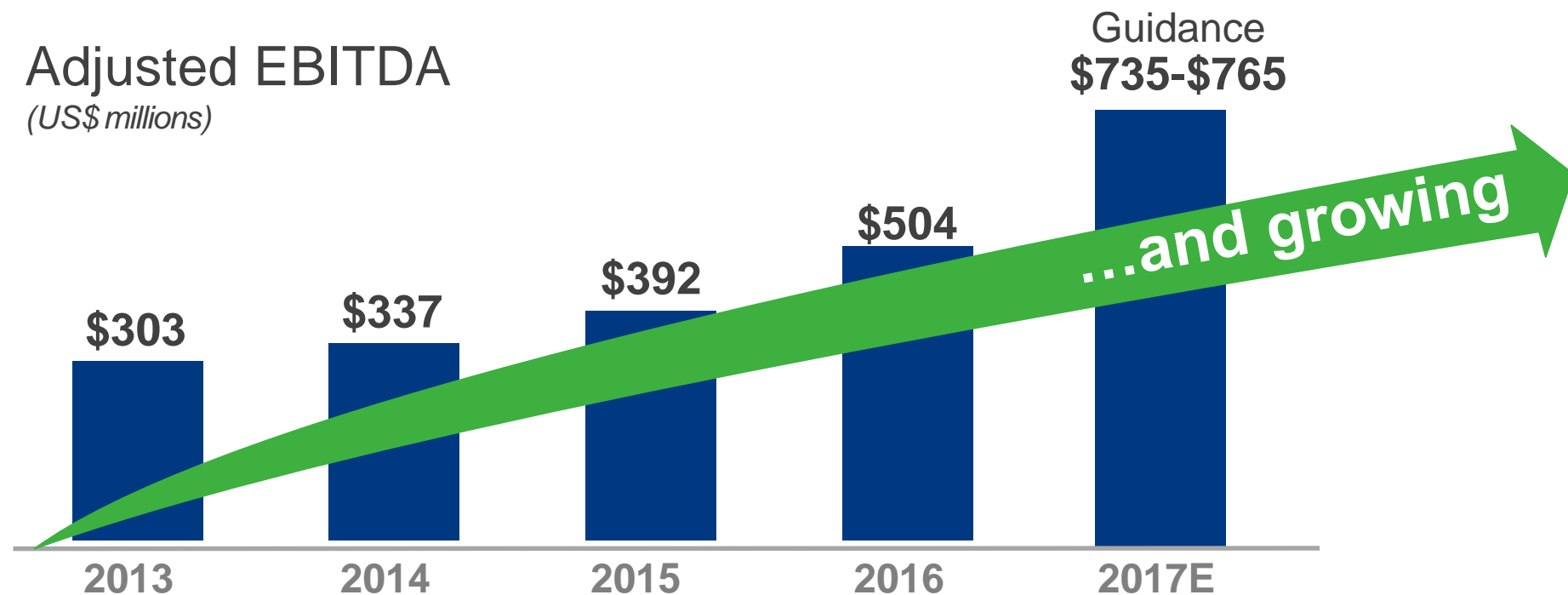


**+US\$3 B**  
Capital Deployed





### Adjusted EBITDA (US\$ millions)



### Contracts that contribute to 2013 – 2017 EBITDA

- ✓ Gas pipelines
- ✓ Liquids infrastructure
- ✓ Wind farms
- ✓ Acquisitions

### Growth after 2017

#### Contracted projects:

- ✓ Marine Pipeline
- ✓ 3 Solar Projects

#### New Projects:

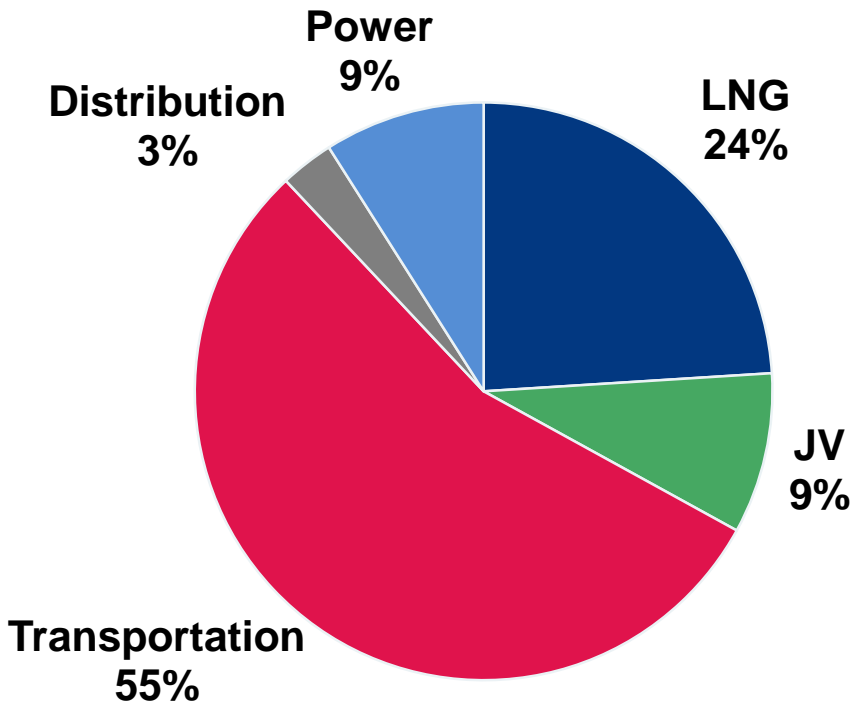
- ✓ Development
- ✓ M&A





## Adjusted EBITDA breakdown

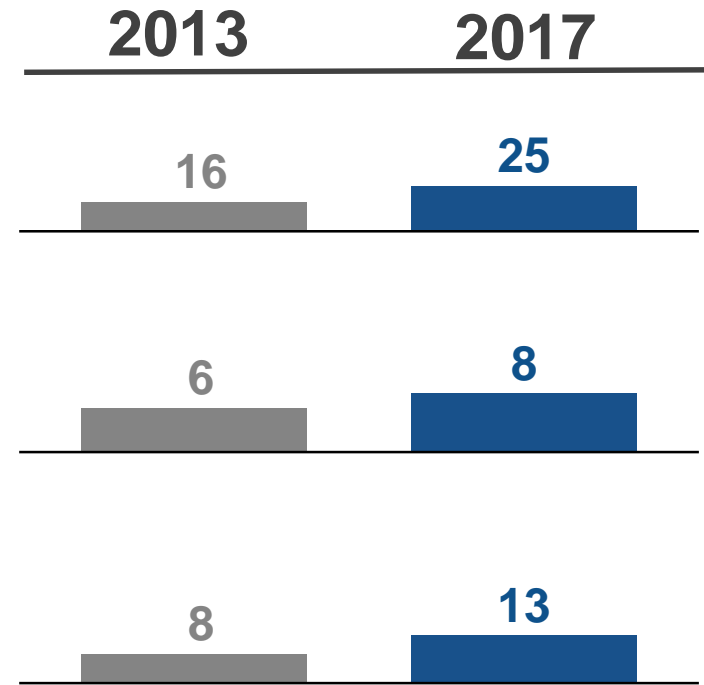
2017E



Assets

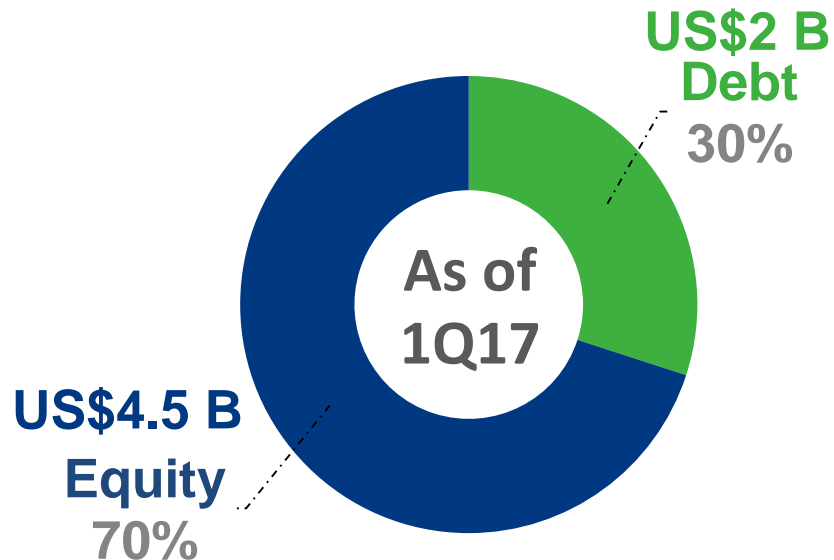
Activities

Locations



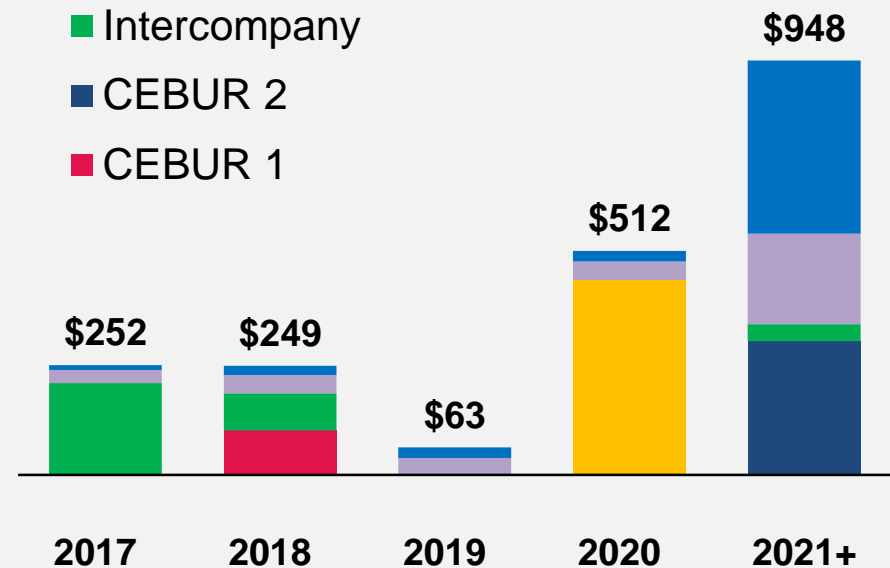


## Capital Structure



## Debt Maturities 1Q17

- Ventika
- Gasoductos de Chihuahua
- Revolving credit facility
- Intercompany
- CEBUR 2
- CEBUR 1



Net Debt/Consolidated EBITDA 3.1x

Weighted average cost of debt 3.8%

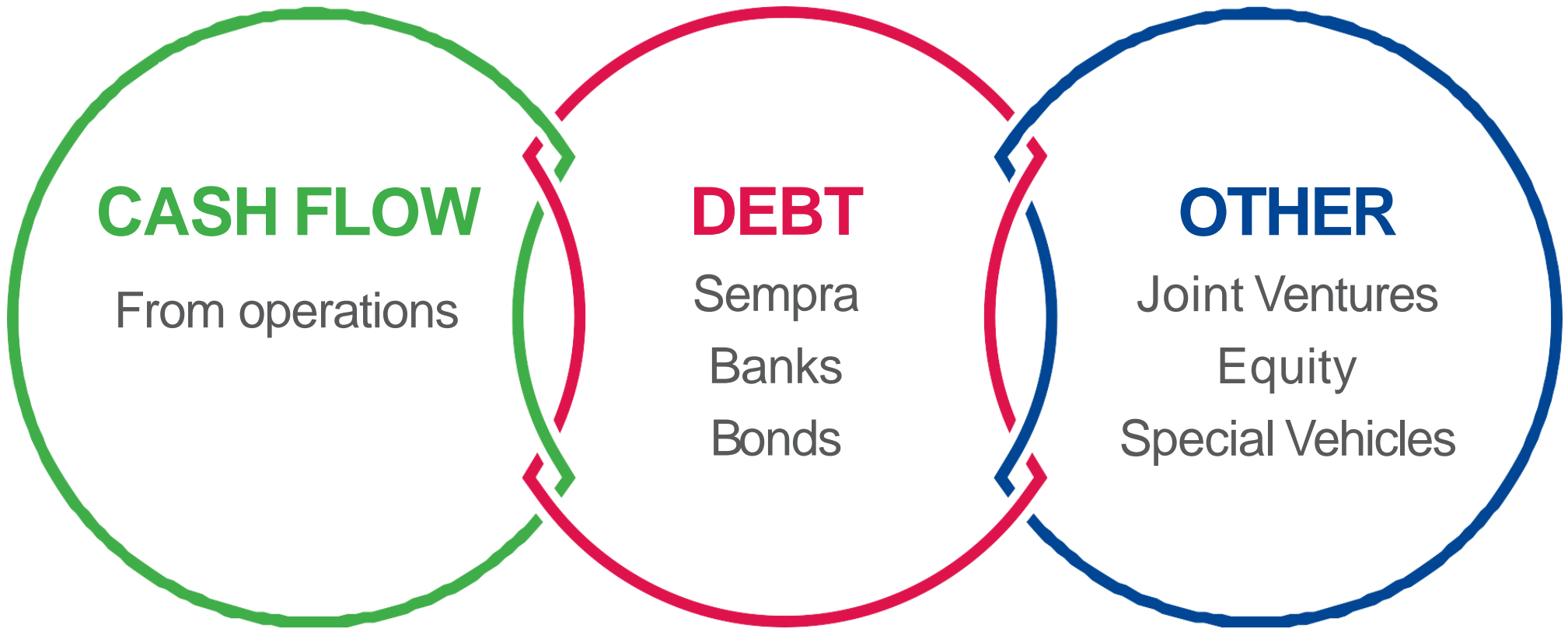
## Credit Ratings:

Moody's  
Baa1

S&P  
MX.AAA

# Additional debt capacity of US\$1.5 – US\$1.8 Billion

as well as other sources



# Our financial objectives are designed to sustain growth



Continue EBITDA growth



Maintain investment grade



Disciplined management of cash and debt



Dividend payments

## Business model

Stable cash flows in US dollars

Creditworthy counterparties

Return range 9-11%



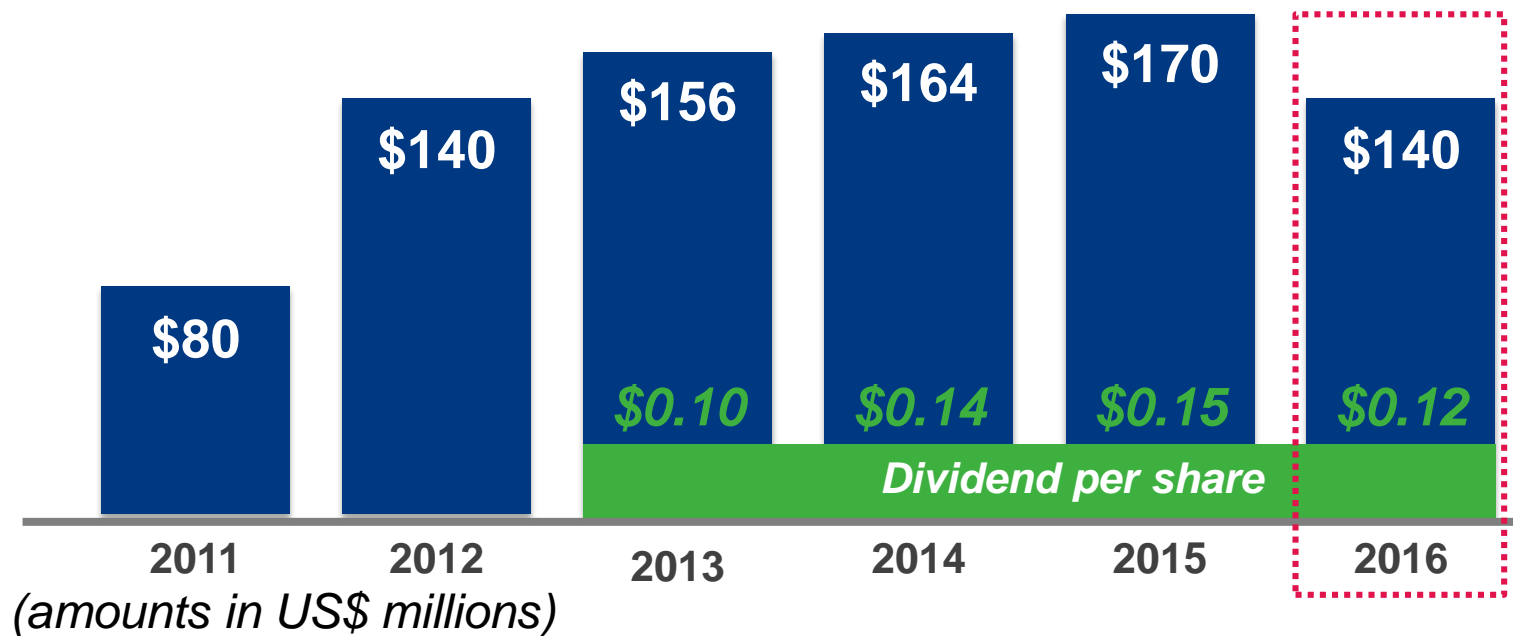
# Closing Remarks



**Carlos Ruiz Sacristán**  
CHAIRMAN & CHIEF EXECUTIVE OFFICER



# US\$850 million



In 2016, we paid up to the tax profit account, which is now much higher



# Enova is ideally positioned to continue delivering growth in an evolving market



Successful track record



Delivering growth



Diversified asset base



Stable cash flows



Strong platform



Evolving market with new investment opportunities



Sound financial structure



Attractive returns

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**Right place, right time, right team, right parent company**

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*Delivering*  
**GROWTH**  
*in an evolving market*







## Mexican Economy



## Mexican Elections



## NAFTA Modernization

- Dispute settlement
- Investment protection
- Rules of origin
- Energy and e-trade
- Region competitiveness

## Mexican Institutions

- Energy Reform embedded in Constitution
- Checks and balances
- Independent regulators

*Delivering*  
**GROWTH**  
*in an evolving market*

