Earnings Report
First-Quarter 2013

Mexico City, April 26, 2013. **IENOVA, S.A.B. de C.V. (BMV: IENOVA*)** is reporting first-quarter 2013 results. IENOVA focuses on the development, construction and operation of large energy infrastructure projects in Mexico. Our footprint in Mexico ranges across several business lines encompassing the entire energy infrastructure value chain that is open to private investment in Mexico.

Amounts are presented in U.S. dollars, the functional currency of the company, except where noted, and in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Executive Summary, First-Quarter 2013 compared to First-Quarter 2012

- First-quarter 2013 profit was $60.7 million, compared to $68.0 million in the first-quarter 2012, mainly due to an increase in ongoing administrative expenses related to the expansion of the company's corporate structure, debt issuance and one-time initial public offering expenses, lower earnings at the joint venture with Pemex due to unfavorable foreign exchange effects on income tax, and increased expenses at Termoeléctrica de Mexicali due in part to timing of energy management services fees compared to the prior year, offset by favorable foreign exchange effects on consolidated income tax.
- Revenues in the first-quarter 2013 increased to $168.0 million from $146.7 million in the same period of 2012, mainly due to higher gas volumes sold and higher gas prices, and higher electricity prices in California.
- Cost of goods and services in the first-quarter 2013 increased to $84.1 million from $55.4 million in the same period of 2012, mainly due to higher gas volumes sold and higher gas prices, higher gas cost at Termoelectrica de Mexicali, new expenses related to the initiation of the Cap-and-Trade program in California and to timing of energy management services fees.
- On February 14, 2013, IENOVA issued two series of notes, which we refer to as CEBURES, in an aggregate principal amount of Pesos 5.2 billion (approximately $408 million), as follows:
  - Pesos 3.9 billion (equivalent to $306 million) of 10-year notes with a fixed interest rate of 6.30%.
  - Pesos 1.3 billion (equivalent to $102 million) of 5-year notes with a variable interest rate equal to the 28-day Mexican Interbank Equilibrium Rate plus 0.30%.

  On February 12, 2013, we entered into a cross currency swap agreement to hedge the Mexican Peso exposure by converting it into U.S. dollars. The swap notional value is $408 million. The weighted average interest rate, in U.S. dollars, for the notes maturing in 2018 is 2.6575% and, for the notes maturing in 2023, is 4.1240%. The proceeds were mainly used to pay intercompany debt.
- On March 21, 2013, IENOVA priced its initial public offering registered in Mexico of 98,623,879 shares of common stock at 34.00 Pesos per share. Concurrently, IENOVA priced a private offering of 91,037,426 shares. Underwriters in the Mexican public offering and the initial purchasers in the private offering were granted a 30-day option to purchase up to an additional 28,449,195 shares of common stock at the initial offering price. These options were exercised on March 25, 2013. After the initial offerings and overallotment options exercise, the aggregate shares of common stock sold represent approximately 18.9% of IENOVA's outstanding ownership interest. Total capital raised was Pesos 7.4 billion (approximately $599 million), and the proceeds will be used to fund our current investment plans.

The following tables set forth our results for the period and the corresponding variances for the three months ended March 31, 2013 and 2012.

i) RESULTS OF OPERATIONS

Consolidated Statements of Profit and Loss
Three months ended March 31, 2013 and 2012

	Three months ended March 31,		Variance	
(thousands of US$, except percentages)	2013	2012	Q1 2013 vs. Q1 2012	
	(unaudited)			
Revenue	$ 168,027	$ 146,691	$ 21,336	15%
Cost of goods and services	(84,070)	(55,421)	(28,649)	52%
Administrative and other expenses	(20,234)	(16,068)	(4,166)	26%
Depreciation and amortization expenses	(15,282)	(15,788)	506	(3%)
Net financing costs	(2,365)	(3,085)	720	(23%)
Other gains	177	1,781	(1,604)	n.m.
Profit before income tax and share of profits of joint venture	46,253	58,110	(11,857)	(20%)
Income tax benefit (expense)	6,144	(2,737)	8,881	n.m.
Share of profits of joint venture, net of income tax	8,263	12,649	(4,386)	(35%)
Profit for the period	**$ 60,660**	**$ 68,022**	**$ (7,362)**	**(11%)**

Segment Information

Segment information is presented after elimination of intercompany transactions.

Profit (loss) before income tax and share of profits of joint venture

	Three months ended March 31,		Variance	
(thousands of US$, except percentages)	2013	2012	Q1 2013 vs. Q1 2012	
	(unaudited)			
Profit (loss) before income tax and share of profits of joint venture				
Gas Segment	$ 53,858	$ 55,402	$ (1,544)	(3%)
Power Segment	(322)	3,277	(3,599)	n.m.
Corporate	(7,283)	(569)	(6,714)	n.m.
	$ 46,253	**$ 58,110**	**$ (11,857)**	**(20%)**

Gas Segment

Gas segment recorded a profit before income taxes and share of profits of joint venture for the first-quarter 2013 which was consistent with the corresponding period in the prior year.

Power Segment

Power segment recorded a loss before income taxes of $0.3 million during the first-quarter 2013, compared to a profit before income taxes of $3.3 million during the same period of 2012, mainly due to the timing effects of the new commercial arrangements initiated in 2012.

Corporate

Corporate recorded losses before income taxes of $7.3 million during the first-quarter 2013, compared to a loss before income taxes of $0.6 million during the same period of 2012, mainly due to ongoing administrative expenses related to the expansion of the company's corporate structure, debt issuance and one-time initial public offering expenses and an increase in mark-to-market losses on an interest rate swap.

Revenue

	Three months ended March 31,		Variance	
(thousands of US$, except percentages)	2013	2012	Q1 2013 vs. Q1 2012	
	(unaudited)			
Revenue				
Gas Segment	$ 124,677	$ 116,066	$ 8,611	7%
Power Segment	42,918	30,231	12,687	42%
Corporate	432	394	38	10%
	$ 168,027	**$ 146,691**	**$ 21,336**	**15%**

Gas Segment

Gas segment recorded revenues of $124.7 million during the first-quarter 2013, compared to $116.1 million during the same period of 2012 mainly due to higher gas volumes sold and higher gas prices.

Power Segment

Power segment recorded revenues of $42.9 million during the first-quarter 2013, compared to $30.2 million during the same period of 2012 mainly due to higher electricity prices in California.

Cost of Goods and Services

	Three months ended March 31,		Variance	
(thousands of US$, except percentages)	2013	2012	Q1 2013 vs. Q1 2012	
	(unaudited)			
Cost of goods and services				
Gas Segment	$ 47,870	$ 36,538	$ 11,332	31%
Power Segment	36,200	18,883	17,317	n.m.
	$ 84,070	**$ 55,421**	**$ 28,649**	**52%**

Gas Segment

Gas segment recorded cost of goods and services of $47.9 million during the first-quarter of 2013, compared to $36.5 million during the same period of 2012 mainly due to higher gas volumes sold and higher gas prices.

Power Segment

Power segment recorded cost of goods and services of $36.2 million during the first-quarter 2013, compared to $18.9 million during the same period of 2012 mainly due to higher gas cost at Termoelectrica de Mexicali and new expenses related to the initiation of the Cap-and-Trade[1] program in California and to energy management services fees.

Administrative and Other Expenses

Administrative and other expenses were $20.2 million during the first-quarter 2013, compared to $16.1 million during the same period of 2012 mainly due to increases in ongoing administrative expenses related to the expansion of the company's corporate structure, debt issuance and one-time initial public offering expenses and intercompany services agreements.

Net Financing Costs

Net Financing Costs were $2.4 million during the first-quarter 2013, compared to $3.1 million during the same period of 2012 mainly due to higher capitalization of interest related to the Sonora Pipeline project.

Other Gains

Other gains were $0.2 million during the first-quarter 2013, compared to $1.8 million during the same period of 2012 mainly due to the increase in mark-to-market losses on an interest rate swap.

Income Tax Benefit (Expense)

Actual results include a favorable tax impact due to appreciation of the Peso.

Share of Profits of Joint Venture, Net of Income Tax

Share of profits of our joint venture, net of income tax, which we account for using the equity method, was $8.3 million during the first-quarter 2013, compared to $12.6 million during the same period of 2012 mainly due to an increase in income tax expense related to the effect on the deferred income tax balance resulting from the fluctuation in the carrying value of property, plant and equipment at their U.S. dollar functional currency subsidiaries, which are required to be remeasured in each reporting period based on changes in the Peso exchange rate and changes in inflation.

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[1] The California Air Resources Board (CARB) has designed the Cap-and-Trade program as one strategy to reduce greenhouse gas (GHG) emissions that cause climate change such as those emitted by refineries, power plants, manufacturing, and transportation fuels. The program is intended to help California meet its goal of reducing GHG emissions to 1990 levels by the year 2020, and ultimately achieving an 80% reduction from 1990 levels by 2050. The program began in 2012, with an enforceable compliance obligation beginning with the 2013 GHG emissions. The regulation includes an enforceable GHG cap that will decline over time, and requires capped sectors to acquire carbon allowances equal to their GHG emitted on an annual basis. Allowances can be purchased through quarterly California carbon auctions, bilateral spot transactions or California carbon allowance futures.

Termoelectrica de Mexicali's power plant is an entity covered by the Cap-and-Trade program because, while located in Baja California, it is within the California Independent System Operator (CAISO) control area, which has end users inside California. Sempra Generation, an affiliate, acts as the marketing and scheduling agent for the power plant's sales to the CAISO, and represents it in the procurement of carbon allowances.

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 EBITDA definition is: consolidated and combined profit after adding back or subtracting, as the case may be: (1) depreciation and amortization, (2) interest income and finance costs, (3) income tax expense and (4) certain other gains/(losses) (which includes net foreign exchange gains/(losses), net (losses)/gains arising 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).

We define adjusted EBITDA to mean EBITDA after adding back or subtracting, as the case may be, our 50% share of the depreciation and amortization, interest income and finance costs, and income tax expense of our joint venture, which is accounted for under the equity method of accounting.

The following table sets forth our adjusted EBITDA and the corresponding variances for the three months ended March 31, 2013 and 2012.

Adjusted EBITDA

	Three months ended March 31,		Variance	
(thousands of US$, except percentages)	2013	2012	Q1 2013 vs. Q1 2012	
	(unaudited)			
Adjusted EBITDA	$ 78,773	$ 87,869	$ (9,096)	(10%)
Gas Segment	78,121	80,109	(1,988)	(2%)
Power Segment	3,515	7,775	(4,260)	n.m.
Corporate	(2,863)	(15)	(2,848)	n.m.

ii) FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Condensed Consolidated Statements of Financial Position

(thousands of US$)	March 31, 2013	December 31, 2012
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$117,971	$85,073
Short term investments	550,002	-
Other current assets(1)	154,088	151,883
Total current assets	**822,061**	**236,956**
Non-current assets		
Investment in joint venture	339,862	331,599
Property, plant and equipment	1,970,486	1,884,739
Other non-current assets(2)	64,538	47,424
Total non-current assets	**2,374,886**	**2,263,762**
Total assets	**$3,196,947**	**$2,500,718**
Equity and liabilities		
Current liabilities(3)	**$124,619**	**$160,207**
Long-term liabilities		
Long-term indebtedness(4)	417,618	-
Long-term indebtedness with affiliates	38,586	331,803
Other non-current liabilities(5)	259,597	245,590
Total non-current liabilities	**715,801**	**577,393**
Total liabilities	**840,420**	**737,600**
Total equity	**2,356,527**	**1,763,118**
Total equity and liabilities	**$3,196,947**	**$2,500,718**

(1) Other current assets include trade and other receivable – net, current amounts due from related parties, current tax receivable, inventory of natural gas, derivative financial instruments and other, less significant current assets.
(2) Other non-current assets include accounts receivable from related parties, derivative financial instruments, finance lease receivables, deferred income tax assets, goodwill and other, less significant non-current assets.
(3) Current liabilities include trade and other payables, accounts payable to related parties, current tax liabilities, derivative financial instruments, other financial liabilities, provisions and other, less significant current liabilities.
(4) Long-term indebtedness includes non-current liabilities owed to bond holders and other third parties.
(5) Other non-current liabilities include deferred income tax liabilities, non-current provisions, derivative financial instruments and post-employment and other long-term employee benefits.

Liquidity and Capital Resources

Liquidity

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 March 31, 2013	2012
	(unaudited)	
Cash and cash equivalents at period begin	$ 85,073	$ 27,364
Net cash provided by operating activities	63,961	10,097
Net cash used in investing activities	(609,096)	(4,404)
Net cash provided by financing activities	571,206	6,729
Effects of exchange rate changes on the balance of cash held in foreign currencies	6,827	4,292
Cash and cash equivalents at period end	**$ 117,971**	**$ 44,078**

Operating Activities

Net cash provided by operating activities was $64.0 million for the three months ended March 31, 2013, primarily due to increases in accounts payables.

Investing Activities

Net cash used in investing activities during the three months ended March 31, 2013 was $609 million, primarily due to $550 million in short-term investment and $60.6 million used in capital expenditures for the development of the Sonora Pipeline project.

Financing Activities

Net cash provided by financing activities during the three months ended March 31, 2013 was $571.2 million. Cash financing sources of $1,031.7 million included mainly proceeds from the initial public offering of $599 million and debt issuance of $408 million. Use of financing proceeds of $460.8 million included intercompany loan repayment of $376 million, dividend payment of $39 million and interest and other issuing costs of $24 million.

Dividend Payment

On March 1, 2013, we declared and paid a dividend to Sempra Energy in the amount of $39 million (approximately 500 million Pesos using the exchange rate as of that date of 12.8322 Pesos to 1.00 U.S. dollar as reported by Banco de Mexico).

Debt Issuance

On February 14, 2013 we issued two series of "CEBURES" notes in an aggregate principal amount of 5.2 billion Pesos in a public offering in Mexico, including 3.9 billion Pesos of 10-year notes with a fixed interest rate of 6.30% and 1.3 billion Pesos of 5-year notes with a variable interest rate equal to the 28-day Mexican Interbank Equilibrium Rate plus 0.30%.

On February 12, 2013, we entered into a cross currency swap agreement to fully hedge the inherent Mexican Pesos exposure by converting it into U.S. dollars. For the CEBURES maturing in 2018, we swapped the floating Pesos rate to a fixed U.S. dollar rate, exchanging principal and all interest payments. For the CEBURES maturing in 2023, we swapped the fixed Peso rate to a fixed U.S. dollar rate, exchanging principal and all interest payments. The swap notional value is $408 million. The weighted average rate, in U.S. dollars, for CEBURES maturing in 2018 is 2.6575% and, for CEBURES maturing in 2023, is 4.1240%.

Issuance proceeds were approximately $408 million, according to the exchange rate of 12.7364 Pesos to 1.00 U.S. dollar, as reported by Banco de México on February 12, 2013, the date on which we entered into the related interest rate swap agreements.

We applied the net proceeds of the CEBURES offering, which were approximately $405 million, to repay $356 million in affiliate debt and to fund our current investment plans.

Initial Public Offering

On March 21, 2013, IENOVA priced its initial public offering registered in Mexico of 98,623,879 shares of common stock at 34.00 Pesos per share. Concurrently, IENOVA priced a private offering of 91,037,426 shares.

Underwriters in the Mexican public offering and the initial purchasers in the private offering were granted a 30-day option to purchase up to an additional 28,449,195 shares of common stock at the initial offering price. These options were exercised and announced on March 25, 2013. After the initial offerings and overallotment options exercise, the aggregate shares of common stock sold represent approximately 18.9% of IENOVA's outstanding ownership interest.

Total capital raised was Pesos 7.4 billion (approximately $599 million), and the proceeds will be used to fund our current investment plans.

Capital Expenditures

We made capital expenditures of $60.6 million and $4.4 million during the three months ended March 31, 2013 and 2012, respectively. These capital expenditures included expenses for the development and construction of the Sonora Pipeline project and payment for a long-term service agreement for our Termoeléctrica de Mexicali power plant.

iii) INTERNAL CONTROLS

Our management is responsible for maintaining a system of internal control over financial reporting. This system gives our shareholders a 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.