2019

THIRD QUARTER RESULTS

Ticker BMV: IENOVA

October 23, 2019

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$)	Three months ended September 30, (unaudited)			Nine months ended September 30, (unaudited)		
	2019	2018	% Var.	2019	2018	% Var.
Adjusted EBITDA	231.2	238.2	(3) %	684.8	668.5	2 %
Profit for the period	110.8	112.1	(1) %	323.9	342.0	(5) %
Revenues	355.1	408.0	(13) %	1,052.4	1,022.6	3 %

- In the third quarter of 2019, Adjusted EBITDA decreased 3 percent to $231.2 million, compared with $238.2 million in the same period of 2018. The decrease of $7.0 million was mainly due to the revenue deferment at the Guaymas - El Oro pipeline and the 2018 one-time natural gas distribution rates true-up from prior years at Ecogas Mexicali, partially offset by the start of operation of the South Texas - Tuxpan pipeline, Pima and Rumorosa Solar power generation facilities.
- In the nine months ended September 30, 2019, Adjusted EBITDA increased 2 percent to $684.8 million, compared with $668.5 million in the same period of 2018. The increase of $16.3 million was mainly due to the Termoeléctrica de Mexicali power plant higher operational results and the start of operation of the South Texas - Tuxpan pipeline, Pima and Rumorosa Solar power generation facilities, partially offset by the revenue deferment at the Guaymas - El Oro pipeline.
- In the third quarter of 2019, profit was $110.8 million, compared with $112.1 million in the same period of 2018. The decrease of $1.3 million was mainly due to the EBITDA drivers mentioned above, partially offset by non-cash exchange rate effects.
- In the nine months ended September 30, 2019, profit was $323.9 million, compared with $342.0 million in the same period of 2018. The decrease of $18.1 million was mainly due to non-cash exchange rate effects and higher depreciation expense, partially offset by the EBITDA drivers mentioned above.
- In the third quarter of 2019, revenues were $355.1 million, compared with $408.0 million in the same period of 2018. The decrease of $52.9 million was mainly due to lower price and volume of natural gas sold, peak power prices during the third quarter of 2018 at the Termoeléctrica de Mexicali power plant due to market conditions and the revenue deferment at the Guaymas - El Oro pipeline, partially offset by the start of operations of the Pima and Rumorosa Solar power generation facilities.
- In the nine months ended September 30, 2019, revenues were $1,052.4 million, compared with $1,022.6 million in the same period of 2018. The increase of $29.8 million was mainly due to higher revenue at the Termoeléctrica de Mexicali power plant due to higher prices, net of lower volume; higher volume, net of lower prices of natural gas sold; and start of operations of the Pima and Rumorosa Solar power generation facilities, partially offset by the revenue deferment at the Guaymas - El Oro pipeline.
- In August 2019, the Company executed a Term Suspension Agreement with CFE for the Natural Gas Transportation Services Agreement for the Guaymas - El Oro gas pipeline. This agreement was executed to take all necessary actions to resume operation of the pipeline and to avoid the termination of the contract.

  In September 2019, the Company executed agreements with CFE in relation to the Transportation Service Agreements corresponding to the Guaymas - El Oro pipeline and the South Texas - Tuxpan marine pipeline, the latter jointly developed with TC Energy. These agreements establish a new tariff structure and consider a 10-year extension for both contracts. The Guaymas - El Oro contract also extended the term suspension until January 15, 2020. Such agreements fulfill both parties’ interests while maintaining the overall integrity and economics of the original contracts.

- In September 2019, the South Texas - Tuxpan pipeline reached commercial operations under the new 35-years agreement with CFE.
- In September 2019, the Company entered into a two-year revolving credit agreement for up to $280 million with The Bank of Nova Scotia.
- In September 2019, the Company announced the execution, through one of its subsidiaries, of two 15-year, clean energy supply contracts with Circle K and Liverpool. Liverpool’s contract is in addition to the one announced in February 2018.

  In October 2019, the company announced the execution through one of its subsidiaries of a long-term clean energy supply contract with Envases Universales.

  The energy for these contracts will be generated by Border Solar power plant located in Juárez, Chihuahua, which will begin operations on the second semester of 2020. This new project will have an installed capacity of 150 MW and an approximate investment of $160 million.
- Under this year's stock repurchase program, IEnova has repurchased 2.6 million shares.
- Pursuant to a resolution of the General Ordinary Shareholders' Meeting held on April 30, 2019, the Board of Directors, in its meeting held on October 22, 2019, resolved to pay a cash dividend of $220 million in November 2019.

EBITDA and Adjusted EBITDA

	Three months ended September 30, (unaudited)		Nine months ended September 30, (unaudited)	
(millions of US$)	2019	2018	2019	2018
Gas Segment	$ 149.2	$ 169.0	$ 463.6	$ 484.8
Power Segment	47.5	48.3	131.0	107.0
Corporate	(0.6)	(3.8)	(1.1)	(3.8)
EBITDA [1]	**$ 196.1**	**$ 213.5**	**$ 593.5**	**$ 588.0**
JV EBITDA adjustment [1]	35.1	24.7	91.3	80.5
Adjusted EBITDA [1]	**$ 231.2**	**$ 238.2**	**$ 684.8**	**$ 668.5**

Gas Segment

In the third quarter of 2019, Gas segment EBITDA was $149.2 million, compared with $169.0 million in the same period of 2018. The decrease of $19.8 million was mainly due to the revenue deferment at the Guaymas - El Oro pipeline and the 2018 one-time natural gas distribution rates true-up from prior years at Ecogas Mexicali.

In the nine months ended September 30, 2019, Gas segment EBITDA was $463.6 million, compared with $484.8 million in the same period 2018. The decrease of $21.2 million was mainly due to the revenue deferment at the Guaymas - El Oro pipeline and higher maintenance and other corporate general expenses.

Power Segment

In the third quarter of 2019, Power segment EBITDA was $47.5 million, compared with $48.3 million in the same period of 2018. The decrease of $0.8 million was mainly due to peak power prices during the third quarter of 2018 at the Termoeléctrica de Mexicali power plant due to market conditions, partially offset by the start of operation of the Pima and Rumorosa Solar power generation facilities.

In the nine months ended September 30, 2019, Power segment EBITDA was $131.0 million, compared with $107.0 million in the same period of 2018. The increase of $24.0 million was mainly due the Termoeléctrica de Mexicali power plant higher operational results and the start of operation of the Pima and Rumorosa Solar power generation facilities.

Joint Ventures

In the third quarter of 2019, Joint Ventures EBITDA was $35.1 million, compared with $24.7 million in the same period of 2018. In the nine months ended September 30, 2019 Joint Ventures EBITDA was $91.3 million, compared with $80.5 million in the same period of 2018. The increases of $10.4 million in the three-month period and $10.8 million in the nine-month period were mainly due to the start of operation of the South Texas - Tuxpan pipeline.

[1] 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) financing cost, net, (3) other losses (gains), net, (4) income tax expense and (5) 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.

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 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

	Three months ended September 30, (unaudited)		Nine months ended September 30, (unaudited)	
(millions of US$)	2019	2018	2019	2018
Revenues	$ 355.1	$ 408.0	$ 1,052.4	$ 1,022.6
Cost of revenues	(100.2)	(135.6)	(296.4)	(277.9)
Operating, administrative and other expenses	(58.9)	(58.9)	(162.4)	(156.7)
Depreciation and amortization	(39.2)	(35.1)	(115.6)	(102.5)
Financing cost, net	(23.3)	(25.3)	(73.4)	(71.7)
Other (losses) gains, net	(16.7)	30.3	(3.1)	25.1
Profit before income tax and share of profits of joint ventures	**116.8**	**183.4**	**401.5**	**438.9**
Income tax expense	(33.0)	(57.1)	(113.2)	(115.1)
Share of profits (losses) of joint ventures, net of income tax	27.0	(14.2)	35.6	18.2
Profit for the period	**$ 110.8**	**$ 112.1**	**$ 323.9**	**$ 342.0**

Segment Information

Segment information is presented after eliminating inter-company transactions.

Profit before Income Tax and Share of Profits of Joint Ventures

	Three months ended September 30, (unaudited)		Nine months ended September 30, (unaudited)	
(millions of US$)	2019	2018	2019	2018
Gas Segment	$ 122.6	$ 136.1	$ 373.5	$ 400.8
Power Segment	30.7	34.9	85.1	64.2
Corporate	(36.5)	12.4	(57.1)	(26.1)
	$ 116.8	**$ 183.4**	**$ 401.5**	**$ 438.9**

Gas Segment

In the third quarter of 2019, Gas segment profit before income tax and share of profits of joint ventures was $122.6 million, compared with $136.1 million in the same period of 2018. The decrease of $13.5 million was mainly due to the revenue deferment at the Guaymas - El Oro pipeline and the 2018 one-time natural gas distribution rates true-up from prior years at Ecogas Mexicali.

In the nine months ended September 30, 2019, Gas segment profit before income tax and share of profits of joint ventures was $373.5 million, compared with $400.8 million in the same period of 2018. The decrease of $27.3 million was mainly due to the revenue deferment at the Guaymas - El Oro pipeline, higher depreciation expense, higher maintenance and other corporate general expenses, and non-cash exchange rate effects.

Power Segment

In the third quarter of 2019, Power segment profit before income tax and share of profits of joint ventures was $30.7 million, compared with $34.9 million in the same period of 2018. The decrease of $4.2 million was mainly due to peak power prices during the third quarter of 2018 at the Termoeléctrica de Mexicali power plant due to market conditions and non-cash exchange rate effects, partially offset by the start of operation of the Pima and Rumorosa Solar power generation facilities.

In the nine months ended September 30, 2019, Power segment profit before income tax and share of profits of joint ventures was $85.1 million, compared with $64.2 million in the same period of 2018. The increase of $20.9 million was mainly due to higher operational results at the Termoeléctrica de Mexicali power plant.

Corporate

In the third quarter of 2019, Corporate segment loss before income tax was $36.5 million, compared with a gain of $12.4 million in the same period of 2018. The decrease of $48.9 million was 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 (Losses) of Joint Ventures.

In the nine months ended September 30, 2019, Corporate segment loss before income tax was $57.1 million, compared with a loss of $26.1 million in the same period of 2018. The increase in losses of $31.0 million was mainly due 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, and higher financing cost.

Revenues

(millions of US$, except price per MMBtu[1])	Three months ended September 30, (unaudited) 2019	Three months ended September 30, (unaudited) 2018	Nine months ended September 30, (unaudited) 2019	Nine months ended September 30, (unaudited) 2018
Gas Segment	$ 264.0	$ 306.4	$ 806.0	$ 797.0
Power Segment	90.6	101.1	244.9	224.3
Corporate	0.5	0.5	1.5	1.3
	$ 355.1	**$ 408.0**	**$ 1,052.4**	**$ 1,022.6**
Natural gas weighted average price[2]	$ 2.76	$ 3.86	$ 3.07	$ 3.25

(1) MMBtu: Million British thermal units (of natural gas)
(2) Natural gas prices in USD per MMBtu

Gas Segment

In the third quarter of 2019, Gas segment revenues were $264.0 million, compared with $306.4 million in the same period of 2018. The decrease of $42.4 million was mainly due to:

- $30.7 million from lower price and volume of natural gas sold,
- $9.3 million from revenue deferment at the Guaymas - El Oro pipeline, and
- $6.7 million 2018 one-time natural gas distribution rates true-up from prior years at Ecogas Mexicali, partially offset by
- $1.9 million from higher natural gas distribution rates.

In the nine months ended September 30, 2019, Gas segment revenues were $806.0 million, compared with $797.0 million in the same period of 2018. The increase of $9.0 million was mainly due to:

- $11.4 million from higher volume, net of lower price of natural gas sold, and
- $5.3 million from higher natural gas distribution rates, partially offset by
- $9.3 million from revenue deferment at the Guaymas - El Oro pipeline.

Power Segment

In the third quarter of 2019, Power segment revenues were $90.6 million, compared with $101.1 million in the same period of 2018. The decrease of $10.5 million was mainly due to:

- $13.8 million from peak power prices during the third quarter of 2018 at the Termoeléctrica de Mexicali power plant due to market conditions, partially offset by
- $5.4 million from the start of operations of the Pima and Rumorosa Solar power generation facilities.

In the nine months ended September 30, 2019, Power segment revenues were $244.9 million, compared with $224.3 million in the same period of 2018. The increase of $20.6 million was mainly due to:

- $11.6 million from higher prices, net of lower volume at Termoeléctrica de Mexicali power plant, and
- $10.6 million from the start of operations of the Pima and Rumorosa Solar power generation facilities.

Cost of Revenues

	Three months ended September 30, (unaudited)		Nine months ended September 30, (unaudited)	
(millions of US$, except cost per MMBtu[1])	2019	2018	2019	2018
Gas Segment	$ 69.9	$ 96.4	$ 211.2	$ 189.6
Power Segment	30.3	39.2	85.2	88.3
	$ 100.2	**$ 135.6**	**$ 296.4**	**$ 277.9**
Natural gas weighted average cost [2]	$ 2.56	$ 3.45	$ 2.86	$ 2.93

(1) MMBtu: Million British thermal units (of natural gas)
(2) Natural gas prices in USD per MMBtu

Gas Segment

In the third quarter of 2019, Gas segment cost of revenues was $69.9 million, compared with $96.4 million for the same period of 2018. The decrease of $26.5 million was mainly due to lower price and volume of natural gas.

In the nine months ended September 30, 2019, Gas segment cost of revenues was $211.2 million, compared with $189.6 million for the same period of 2018. The increase of $21.6 million was mainly due to higher volume, net of lower cost of natural gas.

Power Segment

In the third quarter of 2019, Power segment cost of revenues was $30.3 million, compared with $39.2 million for the same period of 2018. The decrease of $8.9 million was mainly due to lower natural gas price at the Termoeléctrica de Mexicali power plant.

In the nine months ended September 30, 2019, Power segment cost of revenues was $85.2 million, compared with $88.3 million for the same period of 2018. The decrease of $3.1 million was mainly due to lower natural gas prices at the Termoeléctrica de Mexicali power plant.

Consolidated Results

Operating, Administrative and Other Expenses

In the third quarter of 2019, operating, administrative and other expenses were $58.9 million compared with $58.9 million in the same period of 2018. These include expenses related to the start of operations of Pima and Rumorosa Solar power generation facilities and the delay in the start of operations of Tepezala, offset by higher maintenance expenses in 2018.

In the nine months ended September 30, 2019, operating, administrative and other expenses were $162.4 million compared with $156.7 million in the same period of 2018. The increase of $5.7 million was mainly due to higher maintenance, other corporate general expenses, expenses related to the start of operations of Pima and Rumorosa Solar power generation facilities and the delay in the start of operations of Tepezala.

Depreciation and Amortization

In the third quarter of 2019, depreciation and amortization was $39.2 million, compared with $35.1 million for the same period of 2018. The increase of $4.1 million was mainly due to the adoption of the new lease accounting standard *IFRS 16* in 2019 and the start of operations of the Pima and Rumorosa Solar power generation facilities.

In the nine months ended September 30, 2019, depreciation and amortization was $115.6 million, compared with $102.5 million in the same period of 2018. The increase of $13.1 million was mainly due to the adoption of the new lease accounting standard *IFRS 16* in 2019, the start of operations of the Pima and Rumorosa Solar power generation facilities, and 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.

Financing Cost, Net

In the third quarter of 2019, financing cost, net was $23.3 million, compared with $25.3 million in the same period of 2018. The decrease of $2.0 million was mainly due to higher interest income related to the shareholder's loan granted to South Texas – Tuxpan pipeline, partially offset by higher interest expense due to the adoption of the new lease accounting standard *IFRS 16* in 2019.

In the nine months ended September 30, 2019, net financing cost was $73.4 million compared with $71.7 million in the same period of 2018. The increase of $1.7 million was mainly due to higher interest expense due to the adoption of the new lease accounting standard *IFRS 16* in 2019, partially offset by higher interest income related to the shareholder's loan granted to South Texas – Tuxpan pipeline

Other (Losses) Gains, Net

In the third quarter of 2019, other losses were $16.7 million, compared with other gains of $30.3 million in the same period of 2018. The decrease of $47.0 million was 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.

In the nine months ended September 30, 2019, other losses were $3.1 million, compared with other gains of $25.1 million in the same period of 2018. The decrease of $28.2 million was 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 2019, income tax expense was $33.0 million compared with $57.1 million in the same period of 2018. The decrease of $24.1 million is primarily due to lower profit before income tax, the effect of exchange rate and inflation on monetary assets and liabilities and the effect of tax incentives, 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, 2019, income tax expense was $113.2 million compared with $115.1 million in the same period of 2018. The decrease of $1.9 million is primarily due to lower profit before income tax, the effect of exchange rate and inflation on monetary assets and liabilities and the effect of tax incentives, partially offset by 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.

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

		Three months ended September 30, (unaudited)		Nine months ended September 30, (unaudited)	
(millions of US$)	Joint Venture with	2019	2018	2019	2018
Los Ramones Norte pipeline	Brookfield[1]	$ 10.8	$ 13.5	$ 30.8	$ 31.6
South Texas – Tuxpan pipeline	TC Energy	15.3	(26.9)	1.8	(16.4)
Energía Sierra Juárez wind generation facility	Actis	0.9	(0.8)	3.3	3.0
ECA Liquefaction[2]	Sempra Energy	—	—	(0.3)	—
		$ 27.0	**$ (14.2)**	**$ 35.6**	**$ 18.2**

[1] In October 2019, Brookfield Asset Management acquired a 50 percent participation in Los Ramones Norte pipeline from BlackRock.
[2] In February 2019, IEnova and Sempra Energy formed a new Joint Venture for the ECA Liquefaction project, with a participation of 50% each.

In the third quarter of 2019, our share of profit of joint ventures, net of income tax, was $27.0 million, compared with a loss of $14.2 million in the same period of 2018. The increase of $41.2 million is mainly due to the South Texas – Tuxpan pipeline from foreign exchange rate effects primarily related to a peso-denominated shareholder’s loan and its start of operation. The foreign exchange rate effects are offset in Other (Losses) Gains, net.

In the nine months ended September 30, 2019, our share of profit of joint ventures, net of income tax, was $35.6 million compared with $18.2 million in the same period of 2018. The increase of $17.4 million is mainly due to the South Texas – Tuxpan pipeline from foreign exchange rate effects primarily related to a peso-denominated shareholder’s loan and its start of operation. The foreign exchange rate effects are offset in Other (Losses) Gains, net.

Condensed Consolidated Statements of Financial Position

(thousands of US$)	September 30, 2019 (unaudited)	December 31, 2018 (audited)
Assets		
Current assets		
Cash and cash equivalents	$ 62,467	$ 51,764
Trade and other receivables, net	157,596	153,649
Taxes receivable	171,699	151,713
Other current assets [1]	111,915	106,815
Total current assets	**503,677**	**463,941**
Non-current assets		
Due from unconsolidated affiliates	714,275	646,297
Finance lease receivables	924,484	932,375
Deferred income tax assets	93,574	80,853
Investments in joint ventures	580,756	608,708
Property, plant and equipment, net	4,446,454	4,086,914
Goodwill	1,638,091	1,638,091
Other non-current assets [2]	435,384	311,418
Total non-current assets	**8,833,018**	**8,304,656**
Total assets	**$ 9,336,695**	**$ 8,768,597**
Liabilities and Stockholders' Equity		
Short-term debt	$ 1,197,248	$ 870,174
Due to unconsolidated affiliates	151,324	310,696
Other current liabilities [3]	279,158	264,761
Total current liabilities	**1,627,730**	**1,445,631**
Non-current liabilities		
Long-term debt	1,635,038	1,675,192
Due to unconsolidated affiliates	77,318	75,161
Deferred income tax liabilities	601,924	566,892
Other non-current liabilities[4]	374,881	251,971
Total non-current liabilities	**2,689,161**	**2,569,216**
Total liabilities	**4,316,891**	**4,014,847**
Stockholders' equity		
Common stock	963,272	963,272
Additional paid-in capital	2,351,801	2,351,801
Treasury shares	(16,951)	(7,190)
Accumulated other comprehensive (loss)	(152,234)	(104,105)
Retained earnings	1,860,931	1,536,662
Total equity attributable to owners	**5,006,819**	**4,740,440**
Non-controlling interests	12,985	13,310
Total equity of the company	**$ 5,019,804**	**$ 4,753,750**
Total liabilities and equity	**$ 9,336,695**	**$ 8,768,597**

[1] Other current assets includes finance lease receivables - current, amounts due from unconsolidated affiliates, natural gas inventories, derivative financial instruments, carbon allowances - current, other current assets and restricted cash.

[2] Other non-current assets includes derivative financial instruments, other non-current assets, right of use assets, carbon allowances - non-current, intangible assets and restricted cash.

[3] Other current liabilities includes trade and other payables, income tax liabilities, lease liabilities - current, derivative financial instruments, other financial liabilities, provisions current, other taxes payable, carbon allowances - current and other current liabilities.

[4] Other non-current liabilities includes lease liabilities - non current, carbon allowances - non current, provisions - non current, derivative financial instruments, 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

	Three months ended September 30, (unaudited)		Nine months ended September 30, (unaudited)	
(millions of US$)	2019	2018	2019	2018
Cash, cash equivalents and restricted cash at the beginning of the period	**$ 140.2**	**$ 129.7**	**$ 78.0**	**$ 94.1**
Net cash provided by operating activities	132.8	217.8	495.6	463.1
Net cash used in investing activities	(185.7)	(174.2)	(454.7)	(454.8)
Net cash provided (used in) by financing activities	14.7	(42.8)	18.2	(10.3)
Effects of exchange rate changes on cash and cash equivalents	(8.8)	(26.4)	(43.9)	12.0
Cash, cash equivalents and restricted cash at the end of the period	**$ 93.2**	**$ 104.1**	**$ 93.2**	**$ 104.1**

Operating Activities

In the third quarter of 2019, net cash provided by operating activities was $132.8 million, compared with $217.8 million in the same period of 2018, mainly due to changes in working capital and higher income tax payments.

In the nine months ended September 30, 2019, net cash provided by operating activities was $495.6 million, compared with $463.1 million in the same period of 2018, mainly due to changes in working capital, partially offset by higher income tax payments.

Investing Activities

In the third quarter of 2019, net cash used in investing activities was $185.7 million, mainly due to capital expenditures of $182.2 million primarily related to the liquid terminals and solar projects and the funding of $4.3 million in the ECA liquefaction project.

In the third quarter of 2018, net cash used in investing activities was $174.2 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.

In the nine months ended September 30, 2019, net cash used in investing activities was $454.7 million, mainly due to capital expenditures of $435.4 million primarily related to the solar and liquid terminal projects, and the funding of $15.8 million and $6.6 million in the South Texas - Tuxpan pipeline and ECA liquefaction project, respectively.

In the nine months ended September 30, 2018, net cash used in investing activities was $454.8 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.

Financing Activities

In the third quarter of 2019, net cash provided in financing activities was $14.7 million, mainly due to $188.8 million of net proceeds from bank financing, partially offset by $135.5 million repayment of loans from unconsolidated affiliates and $33.6 million of interest paid.

In the third quarter of 2018, net cash used by financing activities was $42.8 million mainly 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 nine months ended September 30, 2019, net cash provided by financing activities was $18.2 million, mainly due to $288.9 million of net proceeds from bank financing, partially offset by $135.5 million repayment of loans to unconsolidated affiliates, $100.7 million of interest paid, $24.7 million of lease payments and $9.8 million of share repurchases.

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.

Reconciliation of Profit for the Period to EBITDA and Adjusted EBITDA

	Three months ended September 30, (unaudited)		Nine months ended September 30, (unaudited)	
(millions of US$)	2019	2018	2019	2018
EBITDA reconciliation				
Profit for the period	$ 110.8	$ 112.1	$ 323.9	$ 342.0
Depreciation and amortization	39.2	35.1	115.6	102.5
Financing cost, net	23.3	25.3	73.4	71.7
Other (gains) losses, net	16.8	(30.3)	3.0	(25.1)
Income tax expense	33.0	57.1	113.2	115.1
Share of (profits) of joint ventures, net of income tax	(27.0)	14.2	(35.6)	(18.2)
(1) EBITDA	**196.1**	**213.5**	**593.5**	**588.0**
JV EBITDA Adjustment reconciliation				
Profit for the period	27.0	(14.2)	35.6	18.2
Depreciation and amortization	2.2	1.9	6.8	5.1
Financing cost, net	8.4	9.3	25.7	25.6
Other losses (gains), net	(14.0)	28.9	1.8	22.2
Income tax expense	11.5	(1.2)	21.4	9.4
(2) JV EBITDA Adjustment	**35.1**	**24.7**	**91.3**	**80.5**
(1+2) Adjusted EBITDA	**$ 231.2**	**$ 238.2**	**$ 684.8**	**$ 668.5**

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.