2017
FIRST QUARTER RESULTS

Ticker BMV: IENOVA
Mexico City, April 25, 2017

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

(thousands of US$, except percentages)	Three months ended March 31, 2017	Three months ended March 31, 2016	% Var.
	(unaudited)		
Adjusted EBITDA	$ 183,794	$ 110,313	66.6%
Profit for the period	$ 144,959	$ 32,772	342.3%
Revenues	$ 272,803	$ 133,254	104.7%

- In the first quarter of 2017, Adjusted EBITDA increased 67 percent to $183.8 million, compared with $110.3 million in the same period of 2016. The increase of $73.5 million was mainly due to the acquisition of the remaining 50 percent of Gasoductos de Chihuahua, the acquisition of the Ventika wind generation facility, income related to the Sonora pipeline Guaymas – El Oro segment and San Isidro – Samalayuca pipeline, and a full quarter of operations of the Los Ramones Norte pipeline compared to a partial quarter in 2016.
- In the first quarter of 2017, profit was $145.0 million, compared with $32.8 million in the same period of 2016. In addition to the EBITDA drivers, the increase of $112.2 million is mainly due to the non-cash deferred income tax expense recorded in 2016 for discontinued operations and lower income tax expense in 2017.
- In the first quarter of 2017, revenues were $272.8 million, compared with $133.3 million in the same period of 2016. The increase of $139.5 million was mainly due to revenues related to the acquisition of the remaining 50 percent of Gasoductos de Chihuahua, the acquisition of the Ventika wind generation facility, higher natural gas prices and volume sold, and income related to the Sonora pipeline Guaymas – El Oro segment and San Isidro – Samalayuca pipeline.
- In March 2017, IEnova announced the execution of a 20-year contract for the supply of clean energy that will be generated by a new 110 megawatt (MW) photovoltaic solar power plant that will be located in Caborca, Sonora. IEnova will be responsible for the construction, financing, operation, and maintenance of the Pima Solar plant, which will allocate 100 percent of its capacity to DEACERO. This represents a step forward in the consolidation of the wholesale electricity market and the promotion of clean energy. This is the first contract for the direct sale and purchase of energy between a private generator and an end user.

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.

Condensed Consolidated Statements of Profit

(thousands of US$)	Three months ended March 31, 2017	Three months ended March 31, 2016
	(unaudited)	
Revenues	$ 272,803	$ 133,254
Cost of revenues	(66,026)	(45,316)
Operating, administrative, and other expenses	(39,917)	(19,161)
Depreciation and amortization	(27,173)	(14,295)
Financing cost, net	(12,019)	(255)
Other gains	2,386	1,610
Profit before income tax and share of profits of joint ventures	**130,054**	**55,837**
Income tax expense	(5,734)	(17,349)
Share of profits of joint ventures, net of income tax	12,636	27,442
Profit for the period from continuing operations	**$ 136,956**	**$ 65,930**
Profit (loss) for the period from discontinued operations, net of income tax[1]	8,003	(33,158)
Profit for the period	**$ 144,959**	**$ 32,772**

(1) The Board of Directors approved a plan to market and sell the Termoeléctrica de Mexicali power plant. Accordingly, its financial results are presented as discontinued operations, which includes a non-cash deferred tax expense of $28.3 million in the three-month period ended March 31, 2016.

Segment Information

Segment information is presented after eliminating inter-company transactions.

Profit (Loss) before Income Tax and Share of Profits from Joint Ventures

(thousands of US$)	Three months ended March 31, 2017	2016
	(unaudited)	
Gas Segment	$ 134,875	$ 61,847
Power Segment	9,551	-
Corporate	(14,372)	(6,010)
	$ 130,054	**$ 55,837**

Gas Segment

In the first quarter of 2017, Gas segment profit before income tax and share of profits from the joint ventures was $134.9 million, compared with $61.8 million in the same period of 2016. The increase of $73.1 million is mainly due to $52.0 million from the acquisition of the remaining 50 percent of Gasoductos de Chihuahua on September 26, 2016 and $17.6 million of income mainly related to the Sonora pipeline Guaymas – El Oro segment and San Isidro – Samalayuca pipeline.

Power Segment

In the first quarter of 2017, Power segment profit before income tax and share of profits from the joint ventures was $9.6 million from the Ventika wind generation facility, acquired on December 14, 2016.

Corporate

In the first quarter of 2017, corporate loss before income tax was $14.4 million, compared with $6.0 million in the same period of 2016, mainly due to increased interest expense.

Revenues

(thousands of US$, except price per MMBtu[2])	Three months ended March 31, 2017		2016	
	(unaudited)			
Gas Segment	$	246,641	$	132,663
Power Segment		25,666		-
Corporate		496		591
	$	**272,803**	**$**	**133,254**
Natural gas weighted average price USD per MMBtu	$	2.89	$	1.92

(2) MMBtu: Million British thermal units (of natural gas)

Gas Segment

In the first quarter of 2017, Gas segment revenues were $246.6 million, compared with $132.7 million in the same period of 2016. The increase of $113.9 million is mainly due to:

- $73.1 million in revenues related to the acquisition of the remaining 50 percent of Gasoductos de Chihuahua;
- $24.3 million from higher weighted average prices of natural gas and higher natural gas volume sold, and
- $17.6 million in income mainly related to the Sonora pipeline Guaymas – El Oro segment and San Isidro – Samalayuca pipeline.

Power Segment

In the first quarter of 2017, Power segment revenues were $25.7 million from the Ventika wind generation facility.

Cost of Revenues

(thousands of US$, except cost per MMBtu)	Three months ended March 31, 2017		Three months ended March 31, 2016	
	(unaudited)			
Gas Segment	$	64,987	$	45,316
Power Segment		1,039		-
	$	**66,026**	**$**	**45,316**
Natural gas weighted average cost USD per MMBtu	$	2.73	$	1.90

In the first quarter of 2017, Gas segment cost of revenues was $65.0 million, compared with $45.3 million for the same period of 2016. The increase of $19.7 million is mainly due to the higher weighted average price of natural gas and higher natural gas volume sold.

Consolidated Results

Operating, Administrative, and Other Expenses

In the first quarter of 2017, operating, administrative, and other expenses were $39.9 million, compared with $19.1 million for the same period of 2016. The increase of $20.8 million was mainly due to the acquisition of the remaining 50 percent of Gasoductos de Chihuahua and the acquisition of the Ventika wind generation facility.

Depreciation and Amortization

In the first quarter of 2017, depreciation and amortization was $27.2 million, compared with $14.3 million for the same period of 2016. The increase of $12.9 million was mainly due to the acquisition of the Ventika wind generation facility and the acquisition of the remaining 50 percent of Gasoductos de Chihuahua.

Financing cost, net

In the first quarter of 2017, financing cost, net was $12.0 million, compared with $0.2 million for the same period of 2016. The change of $11.8 million is mainly due to higher interest expense due to debt related to the Ventika wind generation facility and the acquisition of the remaining 50 percent of Gasoductos de Chihuahua, and a higher corporate debt balance.

Other Gains

In the first quarter of 2017, other gains, net, were $2.4 million, compared with $1.6 million in the same period of 2016. The increase of $0.8 million is mainly due to foreign exchange rate effects.

Income Tax Expense

In the first quarter of 2017, income tax expense was $5.7 million compared with $17.3 million in the same period of 2016. The variance of $11.6 million is primarily due to 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, partially offset by exchange rate and inflation effects on monetary assets and liabilities.

Share of Profits of Joint Ventures, Net of Income Tax

(thousands of US$)	Joint Venture with	Three months ended March 31, 2017		Three months ended March 31, 2016	
		(unaudited)			
Gasoductos de Chihuahua	Pemex TRI[3]	$	-	$	24,536
Los Ramones Norte pipeline	Pemex TRI[3]		8,069		2,532
Energía Sierra Juárez wind generation facility	InterGen		1,754		374
South Texas – Tuxpan pipeline	TransCanada		2,813		-
		$	**12,636**	**$**	**27,442**

(3) On September 26, 2016, IEnova acquired the remaining 50 percent participation in Gasoductos de Chihuahua. This acquisition excluded the Los Ramones Norte pipeline, in which IEnova continues to hold an indirect 25 percent ownership interest through Gasoductos de Chihuahua's interest in Ductos y Energéticos del Norte.

In the first quarter of 2017, our share of profits from joint ventures, net of income tax, was $12.6 million, compared with $27.4 million in the same period of 2016. The decrease of $14.8 million is mainly due to the acquisition of the remaining 50 percent of Gasoductos de Chihuahua, partially offset by the start of operations of the Los Ramones Norte pipeline in February 2016.

Infraestructura Marina del Golfo, our joint venture related to the South Texas – Tuxpan pipeline, had a profit of $2.8 million, mainly due to a deferred income tax benefit and foreign exchange rate effects.

Profit (Loss) for the Period from Discontinued Operations, Net of Income Tax

In February 2016, the Board of Directors approved a plan to market and sell the Termoeléctrica de Mexicali power plant. Accordingly, its financial results for the three-month periods ended March 31, 2017 and March 31, 2016 are presented in the Condensed Consolidated Statements of Profit as discontinued operations, net of tax.

In the first quarter of 2017, profit from discontinued operations, net of income tax, was $8.0 million, compared with a loss of $33.2 million in the same period of 2016. The increase of $41.2 million is mainly due to non-cash deferred income tax expense at the discontinued operations related to the held for sale classification in 2016 compared to a deferred tax benefit in 2017.

EBITDA and Adjusted EBITDA

We present "EBITDA" and "Adjusted EBITDA" 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 (gains) losses, net, (4) income tax expense, (5) share of profits of joint ventures, net of income tax, (6) remeasurement of equity method investment, and (7) (profit) loss for the period from discontinued operations, net of income tax.

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.

We define the Discontinued operations EBITDA adjustment as the profit (loss) for the period from discontinued operations, net of income tax, after adding back or subtracting, as the case may be, (1) depreciation and amortization, (2) financing cost, net (3) other (gains) losses, net, (4) income tax expense and (5) impairment.

	Three months ended March 31,	
(thousands of US$)	2017	2016
	(unaudited)	
Gas Segment	$ 146,841	$ 69,005
Power Segment	21,452	-
Corporate	(1,433)	139
EBITDA	**$ 166,860**	**$ 69,144**
JV EBITDA adjustment	18,890	45,216
Discontinued operations EBITDA adjustment	(1,956)	(4,047)
Adjusted EBITDA	**$ 183,794**	**$ 110,313**

Reconciliation of profit for the period to Adjusted EBITDA

(thousands of US$)	Three months ended March 31, 2017	2016
	(unaudited)	
EBITDA reconciliation		
Profit for the period	$ 144,959	$ 32,772
Depreciation and amortization	27,173	14,295
Financing cost, net	12,019	255
Other (gains)	(2,386)	(1,243)
Income tax expense	5,734	17,349
Share of profits from joint ventures, net of income tax	(12,636)	(27,442)
(Profit) loss for the period from discontinued operations, net of income tax	(8,003)	33,158
(1) EBITDA	**166,860**	**69,144**
JV EBITDA Adjustment reconciliation		
Profit for the period	12,636	27,442
Depreciation and amortization	1,559	4,925
Financing cost, net	6,850	7,152
Other (gains)	(1,813)	(448)
Income tax (benefit) expense	(342)	6,145
(2) JV EBITDA Adjustment	**18,890**	**45,216**
Discontinued Operations EBITDA Adjustment reconciliation		
Profit (loss) for the period	8,003	(33,158)
Depreciation and amortization	-	2,222
Financing cost, net	68	59
Other (gains)	(1,340)	(153)
Income tax (benefit) expense	(8,687)	26,983
(3) Discontinued Operations EBITDA Adjustment	**(1,956)**	**(4,047)**
(1+2+3) Adjusted EBITDA	**$ 183,794**	**$ 110,313**

Condensed Consolidated Statements of Financial Position

(thousands of US$)	March 31, 2017 (unaudited)	December 31, 2016 (audited)
Assets		
Current assets		
Cash and cash equivalents	$ 60,098	$ 24,918
Short – term investments	13,081	80
Trade and other receivables, net	95,448	100,886
Assets held for sale	221,342	191,287
Other current assets(1)	175,336	127,769
Total current assets	**565,305**	**444,940**
Non-current assets		
Due from unconsolidated affiliates	103,734	104,352
Finance lease receivables	949,027	950,311
Deferred income tax assets	80,979	75,999
Investments in joint ventures	179,359	125,355
Goodwill	1,651,780	1,651,780
Property, plant and equipment, net	3,670,506	3,614,085
Other non-current assets(2)	156,897	160,126
Total non-current assets	**6,792,282**	**6,682,008**
Total assets	**$ 7,357,587**	**$ 7,126,948**
Liabilities and Stockholders' Equity		
Short-term debt	$ 567,156	$ 493,571
Due to unconsolidated affiliates	308,858	260,914
Liabilities held for sale	63,025	35,451
Other current liabilities(3)	194,012	181,738
Total current liabilities	**1,133,051**	**971,674**
Non-current liabilities		
Long-term debt	981,590	1,039,804
Due to unconsolidated affiliates	41,505	3,080
Deferred income tax liabilities	489,375	489,607
Other non-current liabilities(4)	203,553	272,472
Total non-current liabilities	**1,716,023**	**1,804,963**
Total liabilities	**2,849,074**	**2,776,637**
Stockholders' Equity		
Common stock	963,272	963,272
Additional paid-in capital	2,351,801	2,351,801
Accumulated other comprehensive loss	(113,415)	(126,658)
Retained earnings	1,306,855	1,161,896
Total equity attributable to owners of the company	**4,508,513**	**4,350,311**
Total liabilities and equity	**$ 7,357,587**	**$ 7,126,948**

(1) Other current assets include restricted cash, value added tax receivable, income taxes receivable, amounts due from unconsolidated affiliates, natural gas inventories, finance lease receivables (current), derivative financial instruments, and other current assets.
(2) Other non-current assets include intangible assets, derivative financial instruments (2016), and other non-current assets.
(3) Other current liabilities include trade and other payables, derivative financial instruments, other taxes payable, income tax liabilities, other financial liabilities, provisions, and other current liabilities.
(4) Other non-current liabilities include derivative financial instruments, provisions, and employee benefits.

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

(thousands of US$)	Three months ended March 31, 2017	2016
	(unaudited)	
Cash and cash equivalents at period beginning	**$ 24,918**	**$ 40,377**
Net cash provided by operating activities	94,197	45,042
Net cash used in investing activities	(131,998)	(32,804)
Net cash provided by (used in) financing activities	66,382	(8,188)
Effects of exchange rate changes on cash and cash equivalents	6,005	1,382
Cash and cash equivalents	**$ 59,504**	**$ 45,809**
Cash and cash equivalents from assets held for sale	594	(873)
Cash and cash equivalents at period end	**$ 60,098**	**$ 44,936**

Operating Activities

In the first quarter of 2017, net cash provided by operating activities was $94.2 million, compared with $45.0 million in the same period of 2016, mainly due to a higher operations base as a result of the acquisition of the remaining 50 percent of Gasoductos de Chihuahua and the acquisition of the Ventika wind generation facility, partially offset by changes in working capital.

Investing Activities

In the first quarter of 2017, net cash used in investing activities was $132.0 million, due to capital expenditures of $69.4 million related to our Ojinaga – El Encino pipeline, Sonora pipeline, San Isidro – Samalayuca pipeline, and Empalme lateral pipeline projects, the investment of $45.8 million in Infraestructura Marina del Golfo "IMG" (our TransCanada joint venture), short – term investments of $13.0 million, and restricted cash increase of $6.8 million related to Gasoductos de Chihuahua and Ventika bank debt that we assumed upon their 2016 acquisitions, partially offset by loan repayment from unconsolidated affiliates of $2.4 million.

In the first quarter of 2016, net cash used in investing activities was $32.8 million, primarily due to capital expenditures of $36.4 million for our Sonora pipeline, Ojinaga – El Encino pipeline, and San Isidro

– Samalayuca pipeline projects, partially offset by $5.6 million and $3.2 million of loan and interest repayment, respectively, from the Energía Sierra Juárez wind generation facility.

Financing Activities

In the first quarter of 2017, net cash provided by financing activities was $66.4 million, due to $102.0 million in net borrowings from unconsolidated affiliates, partially offset by interest paid of $25.8 million and a net repayment of bank loans of $9.9 million.

In the first quarter of 2016, net cash used in financing activities was $8.2 million due to interest paid.

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 modern and efficient systems designed to generate key financial information.