Earnings Report
Second-Quarter 2015

Mexico City, July 28, 2015. **Infraestructura Energética Nova, S.A.B. de C.V. (BMV: IENOVA)** is reporting unaudited second-quarter 2015 results. IEnova focuses on the development, construction and operation of large energy infrastructure projects in Mexico. Our operations in Mexico range across several business lines including gas transportation and storage, LNG, natural gas distribution and electricity generation.

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).

Executive Summary, Second-Quarter 2015 compared to Second-Quarter 2014:

- Profit for the second-quarter 2015 was $36.5 million, compared with $37.5 million in the second-quarter 2014, mainly due to higher income tax provision as a result of foreign exchange effects, partially offset by higher earnings at the Gas segment due to the start of operations of the Sásabe-Puerto Libertad segment of the Sonora pipeline and higher share of profits of joint ventures due to the start of operations of wind power generation at Energía Sierra Juárez and the Los Ramones I pipeline.
- Revenues for the quarter ended June 30, 2015 were $152.2 million, compared with $185.9 million in the same period of 2014 mainly due to lower prices at the Gas segment and lower prices and volumes at the Power segment.
- Cost of revenues for the quarter ended June 30, 2015 was $60.3 million compared with $103.1 million in the same period in 2014 due to lower natural gas prices and volumes at the Gas and Power segments.
- In June 2015, Energía Sierra Juárez announced the beginning of commercial operation of the wind power generation facility, with a 20-year power purchase agreement with San Diego Gas & Electric (SDG&E) for a total capacity of 155-megawatts.
- In July 2015, IEnova entered into the San Isidro-Samalayuca pipeline natural gas transportation services agreement with CFE for a 25-year term, denominated in U.S. dollars. CFE contracted 100-percent of the transport capacity of the San Isidro pipeline, equal to 1,135 million cubic feet per day of natural gas. IEnova will be responsible for the development, construction and operation of the pipeline.
- Pursuant to a resolution of the General Ordinary Stockholders' Meeting held on April 30, 2015, the Board of Directors in its meeting held on July 28, 2015, resolved to pay a cash dividend on August, 2015, in the amount of $170 million.

The following tables set forth our results as of June 30, 2015 and December 31, 2014 and for the three months ended June 30, 2015 and 2014.

i) Results of Operations

Condensed Consolidated Statements of Profit

(thousands of US$)	Three months ended June 30, 2015	Three months ended June 30, 2014
	(unaudited)	
Revenues	$ 152,172	$ 185,852
Cost of revenues	(60,262)	(103,139)
Operating, administrative and other expenses	(25,400)	(24,200)
Depreciation and amortization expenses	(16,196)	(14,909)
Net financing income	1,266	1,733
Other gains (losses)	401	(1,910)
Profit before income tax and share of profits of joint ventures	**51,981**	**43,427**
Income tax expense	(27,029)	(13,641)
Share of profits of joint ventures, net of income tax	11,541	7,723
Profit for the period	**$ 36,493**	**$ 37,509**

Segment Information

Segment information is presented after eliminating inter-company transactions.

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

(thousands of US$)	Three months ended June 30, 2015	Three months ended June 30, 2014
	(unaudited)	
Gas Segment	$ 59,970	$ 55,738
Power Segment	(4,686)	(1,174)
Corporate	(3,303)	(11,137)
	$ 51,981	**$ 43,427**

Gas Segment

Gas segment profit before income tax and share of profits of joint venture was $60.0 million for the second-quarter 2015, compared with $55.7 million in the same period of 2014. The increase by $4.2 million is mainly related to the start of operations of the Sásabe-Puerto Libertad segment of the Sonora pipeline.

Power Segment

Power segment loss before income tax and share of profits of joint venture was $4.7 million in the second-quarter 2015, compared to $1.2 million in the same period of 2014 mainly due to a change in corporate allocations. Excluding the effect of the change in corporate allocations, operating results at the Power segment are consistent with the second quarter of 2014.

Corporate

Corporate loss before income tax was $3.3 million in the second quarter 2015, compared with $11.1 million in the same period of 2014 mainly due to mark-to-market gains in 2015 compared to mark-to-market losses in 2014 on the valuation of RBS interest rate swap[1].

[1] In 2005, IEnova entered into derivative transactions to hedge future interest payments associated with forecasted borrowings of $450 million from third parties for the construction of a liquefied natural gas terminal which were designated as cash flow hedges. In 2007, the original hedged items became probable of not occurring due to a change in IEnova's external borrowing needs. The company recognizes the change in fair value and the settlement of this interest rate swap in "other gains (losses)" within the consolidated statements of profit.

Revenues

(thousands of US$)	Three months ended June 30, 2015		Three months ended June 30, 2014	
	(unaudited)			
Gas Segment	$	125,746	$	143,344
Power Segment		26,005		42,069
Corporate		421		439
	$	**152,172**	**$**	**185,852**

Gas Segment

Gas segment revenues were $125.7 million during the second-quarter 2015, compared to $143.3 million in the same period of 2014. The decrease of $17.6 million is due to:

- $32.0 million lower revenues due to a reduction in natural gas prices ($2.78 per MMBtu[2] during the second-quarter 2015 compared with $4.68 per MMBtu in the same period of 2014), partially offset by:
- $14.4 million, mainly due to the start of operations of the Sásabe-Puerto Libertad segment of the Sonora pipeline.

Power Segment

Power segment revenues were $26.0 million during the second-quarter 2015, compared with $42.1 million during the same period of 2014.

Power segment revenues decreased by $16.1 million, primarily due to a decrease in electricity prices ($33.83 per MWh[3] during the second-quarter 2015 compared with $49.36 per MWh in the same period of 2014) and a decrease of 12% in the volume sold.

[2] MMBtu: Million British thermal units (of natural gas)
[3] MWh: Megawatt hour

Cost of Revenues

(thousands of US$)		Three months ended June 30, 2015		2014
		(unaudited)		
Gas Segment	$	41,221	$	68,346
Power Segment		19,041		34,793
	$	**60,262**	**$**	**103,139**

Gas Segment

Gas segment cost of revenues was $41.2 million for the second-quarter 2015, compared with $68.3 million for the same period of 2014.

The cost of revenues decreased by $27.1 million, primarily due to a decrease in natural gas prices ($2.28 per MMBtu during the second-quarter 2015 compared with $3.98 per MMBtu in the same period of 2014).

Power Segment

Power segment cost of revenues was $19.0 million for the second-quarter 2015, compared with $34.8 million for the same period of 2014.

The cost of revenues decreased by $15.8 million, primarily due to a decrease in natural gas prices ($2.67 per MMBtu during the second-quarter 2015 compared with $4.58 per MMBtu in the same period of 2014).

Operating, Administrative and Other Expenses

Operating, administrative and other expenses were $25.4 million for the second-quarter 2015, consistent with $24.2 million for the same period of 2014.

Net Financing Income

Net financing income for the second-quarter 2015 decreased by $0.5 million due to lower capitalization of interest at the Sonora pipeline and higher interest expense due to higher loans from unconsolidated affiliates.

Other Gains (Losses)

Other gains were $0.4 million during the second-quarter 2015, compared with losses of $1.9 million in the same period of 2014. The change of $2.3 million is mainly due to mark-to-market gains in 2015 compared to mark-to-market losses in 2014 on the valuation of RBS interest rate swap.

Income Tax Expense

Income tax expense increased by $13.4 million to $27.0 million in second-quarter 2015, mainly due to the effect on the deferred income tax balance from fluctuations in the tax basis of property, plant and equipment carried at our U.S. dollar functional currency, which we are required to remeasure each reporting period based on changes in the Mexican peso exchange rate, partially offset by the effects of exchange rates on monetary assets and liabilities.

Share of Profits of Joint Ventures, Net of Income Tax

Our share of joint ventures profits, net of income tax, was $11.5 million in the second-quarter 2015, compared with $7.7 million in the same period of 2014. The increase of $3.8 million is due to:

- $2.3 million in share of profits of Energía Sierra Juárez due to the start of operation of the wind power generation facility, and
- $1.5 million in share of profits of the Pemex joint venture due to the start of operations of the Los Ramones I pipeline, partially offset by higher income tax expense.

EBITDA and 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 definition of EBITDA is consolidated profit after adding back or subtracting, as the case may be: (1) depreciation and amortization expenses, (2) net financing income (costs), (3) income tax (expense) benefit, (4) other (losses)/gains (which include net foreign exchange gains/(losses), net (losses)/gains 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) and (5) share of profits of joint ventures, net of income tax.

We define the JV EBITDA adjustment as our 50-percent share of the profit of joint ventures with Pemex and InterGen, after adding back or subtracting, as the case may be, our 50-percent share of: (1) depreciation and amortization expenses, (2) net financing income (costs), (3) income tax (expense) benefit of our investment in joint venture, (4) other (losses) gains and (5) the share of profit on joint ventures net of income tax. Our investments in the joint ventures are accounted for under the equity method.

	Three months ended June 30,	
(thousands of US$)	2015	2014
	(unaudited)	
Gas Segment	$ 65,500	$ 56,318
Power Segment	(877)	1,925
Corporate	1,887	270
EBITDA	**66,510**	**58,513**
JV EBITDA adjustment (50-percent)	28,400	14,424
Adjusted EBITDA	**$ 94,910**	**$ 72,937**

ii) Financial Position, Liquidity and Capital Resources

Condensed Consolidated Statements of Financial Position

(thousands of US$)	June 30, 2015	December 31, 2014
	(unaudited)	(audited)
Assets		
Current assets		
Cash and cash equivalents	$ 75,438	$ 83,637
Short-term investments	34,888	30,020
Other current assets[1]	185,533	211,962
Total current assets	**295,859**	**325,619**
Non-current assets		
Investments in joint ventures	427,125	401,538
Property, plant and equipment – net	2,459,429	2,377,739
Other non-current assets[2]	238,603	275,322
Total non-current assets	**3,125,157**	**3,054,599**
Total assets	**$ 3,421,016**	**$ 3,380,218**
Liabilities and Equity		
Short-term debt	$ 74,183	$ 195,089
Other current liabilities[3]	249,968	172,461
Total current liabilities	**324,151**	**367,550**
Non-current liabilities		
Long-term debt	331,579	350,638
Due to unconsolidated affiliates	39,178	38,460
Other non-current liabilities[4]	406,746	374,282
Total non-current liabilities	**777,503**	**763,380**
Total liabilities	**1,101,654**	**1,130,930**
Common stock	762,949	762,949
Additional paid-in capital	973,953	973,953
Retained earnings	659,425	576,717
Accumulated other comprehensive income	(76,965)	(64,331)
Total equity	**2,319,362**	**2,249,288**
Total liabilities and equity	**$ 3,421,016**	**$ 3,380,218**

(1) Other current assets include trade and other receivables – net, amounts due from unconsolidated affiliates, income taxes receivable, natural gas inventories, derivative financial instruments, value added tax receivable, carbon allowances and other current assets.

(2) Other non-current assets include amounts due from unconsolidated affiliates, finance lease receivables, deferred income tax assets, goodwill, carbon allowances and other non-current assets.

(3) Other current liabilities include trade and other payables, amounts due to unconsolidated affiliates, income tax liabilities, derivative financial instruments, other financial liabilities, provisions, other taxes payable, carbon allowances and other current liabilities.

(4) Other non-current liabilities include deferred income tax liabilities, carbon allowances, provisions, derivative financial instruments 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 the capital markets.

Sources and Uses of Cash

(thousands of US$)	Three months ended June 30, 2015	Three months ended June 30, 2014
	(unaudited)	
Cash and cash equivalents at period beginning	**$ 44,372**	**$ 56,248**
Net cash provided by (used in) operating activities	62,815	(21,500)
Net cash used in investing activities	(27,217)	(52,667)
Net cash (used in) provided by financing activities	(4,228)	71,692
Effects of exchange rate changes on cash and cash equivalents	(304)	(2,656)
Cash and cash equivalents at period end	**$ 75,438**	**$ 51,117**

Operating Activities

Net cash provided by operating activities for second-quarter 2015 was $62.8 million, compared to net cash used by operating activities of $21.5 million in the same period of 2014 due primarily to a lower amount of income tax and changes in working capital.

Investing Activities

Net cash used in investing activities for second-quarter 2015 was $27.2 million, which included $64.4 million of capital expenditures for our Sonora pipeline, offset by $41.5 million repayment of loans to affiliates. Net cash used in investing activities for second-quarter 2014 of $52.7 million, included $114.4 million of capital expenditures for our Sonora pipeline and Energía Sierra Juárez wind generation project. These cash outflows were partially funded by a reduction in short-term investments of $61.6 million.

Financing Activities

Net cash used in financing activities for the second-quarter 2015 was $4.2 million, mainly due to interest paid, compared to net cash provided by financing activities for the second-quarter 2014 of $71.7 million, primarily due to the Energía Sierra Juárez wind generation project financing, prior to joint venture formation.

iii) 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.