

Investor Presentation

January 2014

Information Regarding Forward-Looking Statements



This presentation contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by words like “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates,” “may,” “will,” “would,” “could,” “should,” “potential,” “target,” “outlook,” “depends,” “pursue,” “goals” 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 forward-looking statements speak only as of the date hereof, and the company undertakes no obligation to update or revise those forward looking statements whether as a result of new information, future events or otherwise. These risks and uncertainties are further discussed in the draft prospectus 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, and on the company’s website at www.ienova.com.mx.

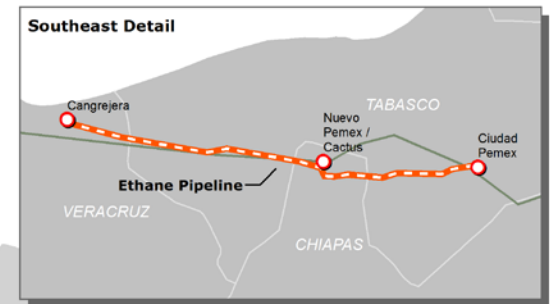
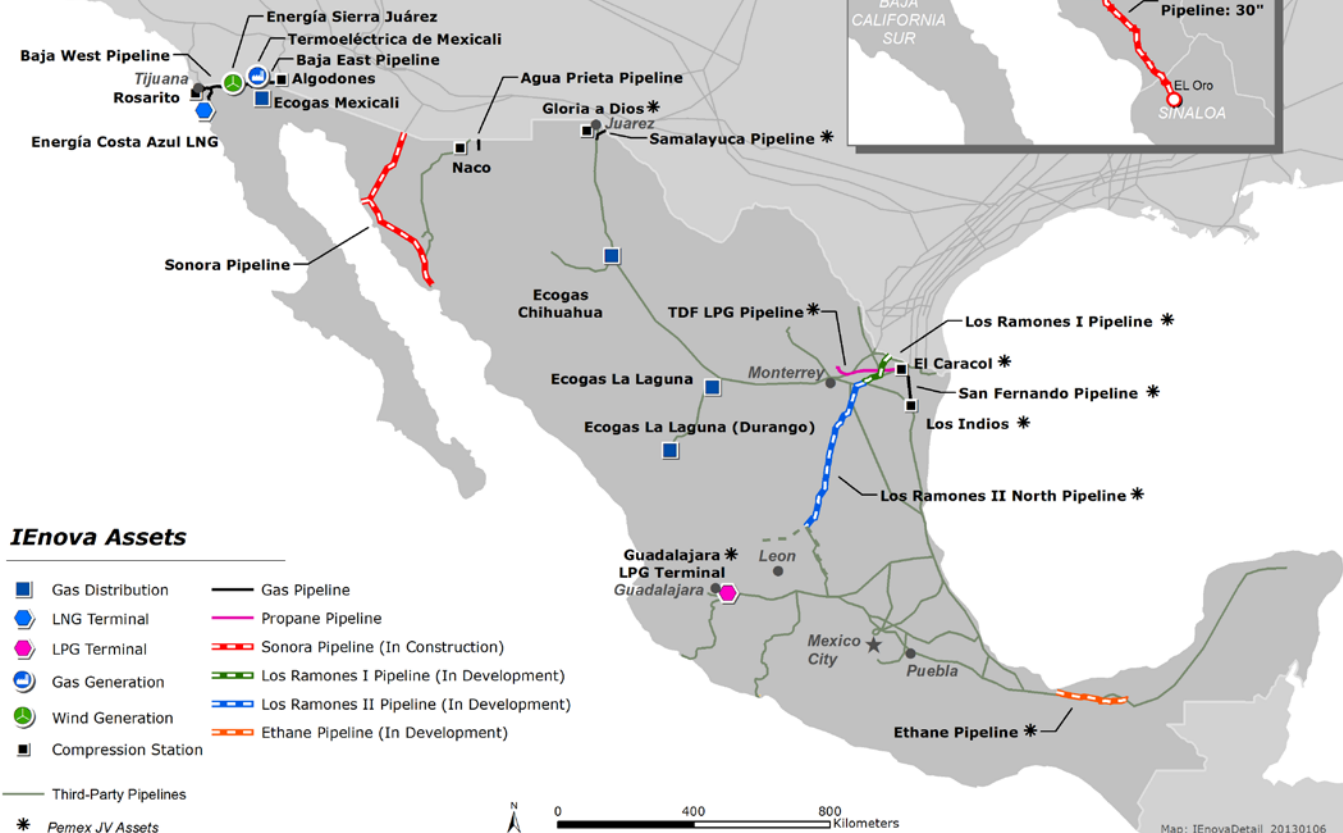
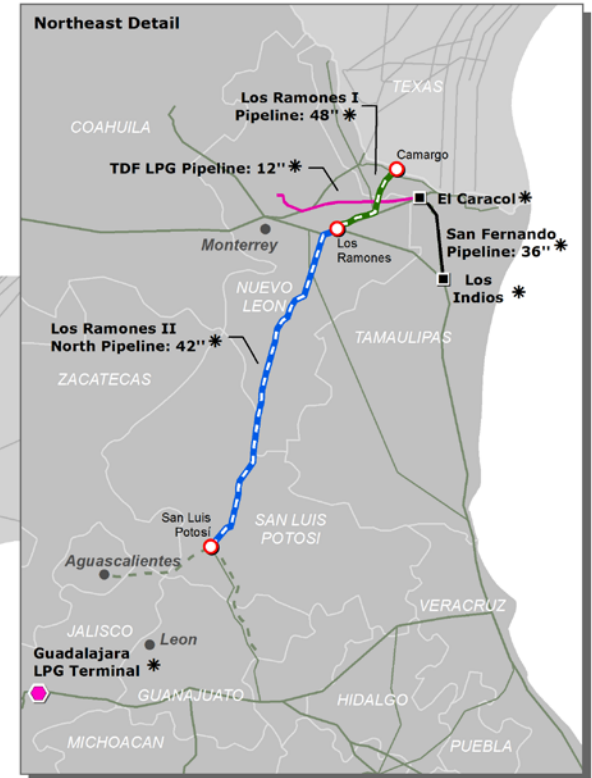
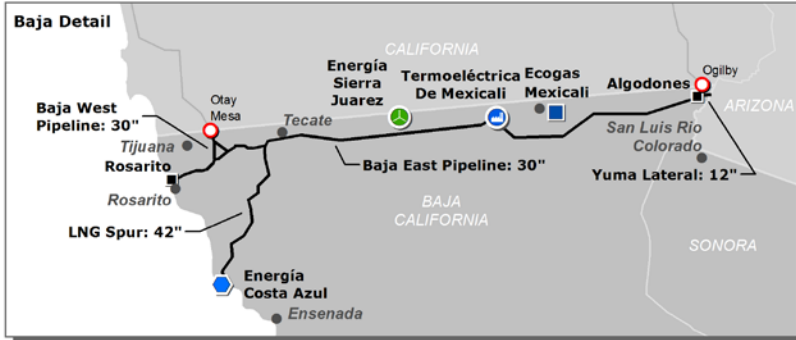
IEnova develops, constructs, owns and operates energy infrastructure and is active in all areas of the Mexican energy sector where private participation is currently permitted

IEnova is one of the largest private energy companies in Mexico with more than 15 years of experience in the country and is the only energy company to be listed on the Mexican stock exchange

IEnova's business is built upon a strategy of long-term, take-or-pay and primarily dollar denominated contracts providing stable and predictable cash flows

Mexico requires new energy infrastructure in order to sustain and expand economic output and IEnova is ideally positioned to capture new infrastructure investment opportunities

IEnova asset overview



IEnova Assets

- Gas Distribution
- LNG Terminal
- LPG Terminal
- ⊙ Gas Generation
- ⊙ Wind Generation
- Compression Station
- Third-Party Pipelines
- * Pemex JV Assets
- Gas Pipeline
- Propane Pipeline
- Sonora Pipeline (In Construction)
- Los Ramones I Pipeline (In Development)
- Los Ramones II Pipeline (In Development)
- Ethane Pipeline (In Development)



Map: IEnovaDetail_20130106

Corporate structure and assets in operation



Gas Segment



Wholly-owned Pipelines

- 360km of pipelines and three compression stations

Joint-Venture with Pemex (50/50)

- 151km of pipelines
- 190km LPG transportation pipelines and 120,000Bbl of LPG storage
- Three compression stations



Energía Costa Azul

- One LNG receipt, storage and regasification terminal with a send-out capacity of 1,000 MMcfd



Ecogas

- Natural gas distribution utility with more than 93,000 customers

Power Segment



Termoeléctrica de Mexicali

- 625MW natural gas combined-cycle electricity generation plant

USD \$2.4 billion of assets in operation

Contracted growth projects currently underway

Gas Segment – wholly-owned assets



Sonora natural gas pipeline system

- **835km** natural gas pipeline extending from the U.S. border near Nogales, AZ to the town of El Oro in the Mexican state of Sinaloa

Joint venture with Pemex – IEnova (50/50)



Ethane pipeline

- **226km** ethane pipeline located in the states of Tabasco, Chiapas and Veracruz

Los Ramones-I natural gas pipeline

- **110km** natural gas pipeline extending from the U.S. border near Rio Grande, TX to the town of Los Ramones in the Mexican state of Nuevo Leon

Los Ramones-II North natural gas pipeline¹

- **440km** natural gas pipeline extending from the town of Los Ramones in the Mexican state of Nuevo Leon to San Luis Potosí

Power Segment



Energía Sierra Juárez wind project

- **155 MW** wind project with 47 turbines located near the U.S. border in the state of Baja California

USD \$3.1 billion total investment for contracted growth projects
IEnova share USD \$1.8 billion²

(1) Currently negotiating ownership structure and commercial terms

(2) Includes IEnova participation in joint venture projects

Identifiable near-term growth opportunities

New projects do not depend on the recent energy reform

Gas Segment

Gas distribution acquisition opportunity

CFE & Pemex pipeline tenders

Underground natural gas storage

LNG liquefaction at ECA

Power Segment

300MW renewable energy tender in Baja (CFE)

Renewable energy tenders in the US

IPP and co-generation tenders

> USD \$25 billion of identifiable near-term growth opportunities

Energy reform creates new opportunities for IEnova

The bill modifies the Mexican constitution to allow private sector participation in exploration & production activities, petrochemicals, refining, oil and oil products storage, transportation and distribution and electricity generation, marketing, transmission and distribution

Impact to the sector

Opportunities for IEnova

Exploration & Production

- New contract types include: profit sharing contracts, production sharing contracts, and license contracts; concessions remain prohibited
- The aforementioned contracts will allow for recognition of reserves for accounting purposes

- **Transportation & storage of gas and liquids**

Midstream & Downstream

- Permits private sector participation in natural gas gathering and processing, oil refining, basic petrochemicals, oil and oil products transportation, storage and distribution

- **Transportation & storage of gas and liquids**
- **Gathering & processing of natural gas**

Power

- Fully opens the generation and marketing of electricity allowing for direct contracts between generators and large end-users
- Permits private sector participation in transmission and distribution through contracts with the CFE

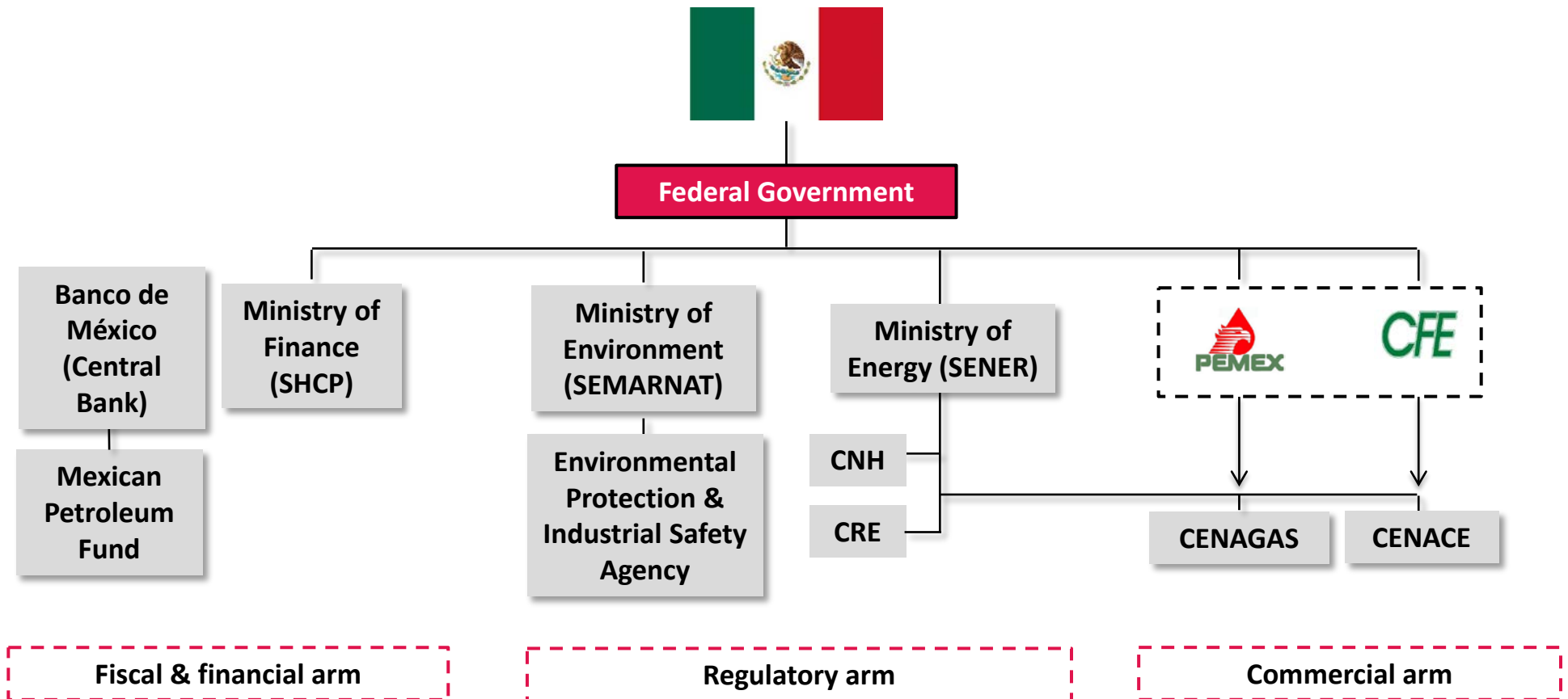
- **Renewable power generation**
- **Electric transmission & distribution**

Quantifying opportunities following energy reform

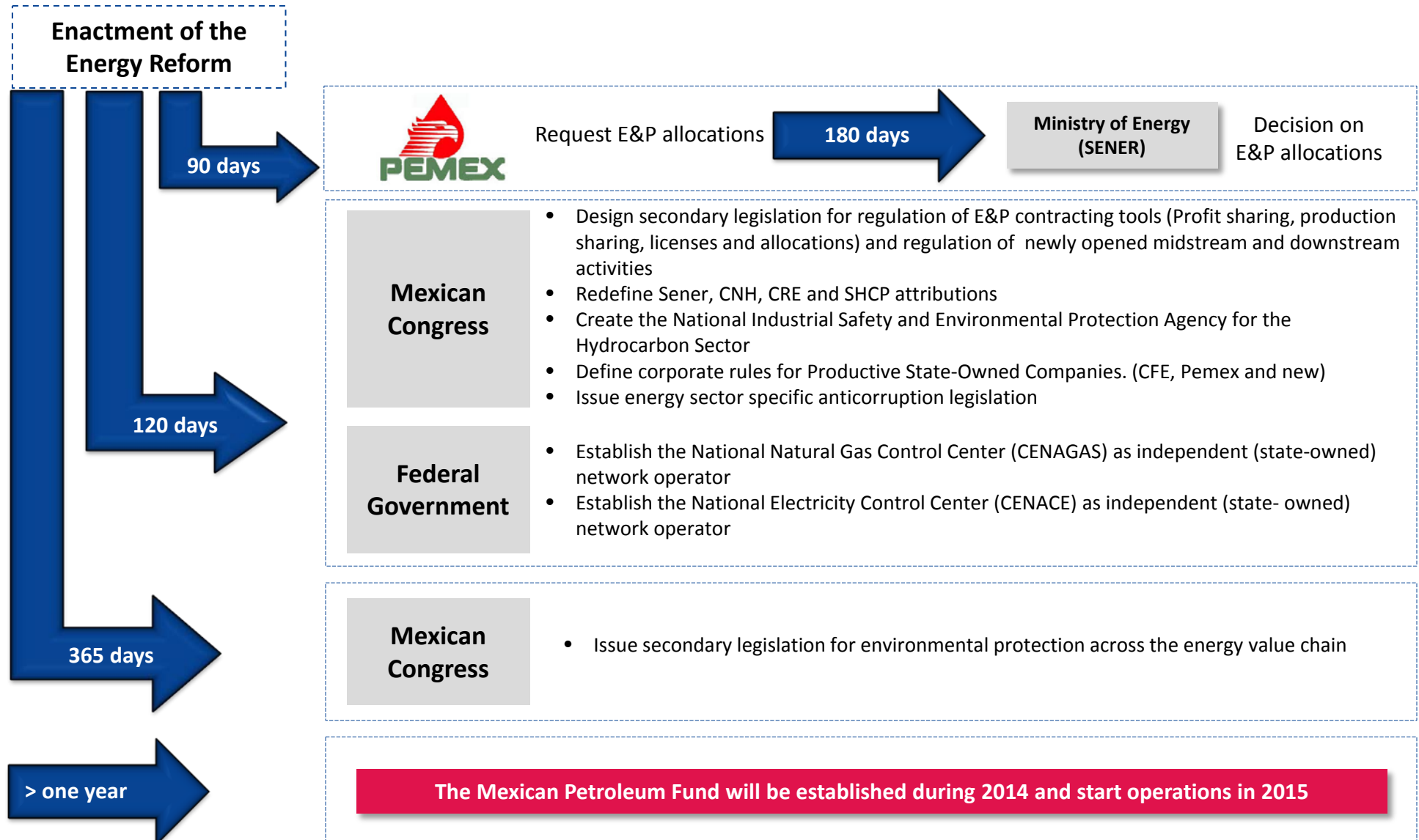
Subsector	Detail	Investment
Oil & Gas		
Exploration & Production	Estimated crude oil reserves: 54.7 BBOE Estimated shale gas reserves: 545 Tcf	\$60 billion / year
Refining	Potential capacity additions of 500 MBD and reconfiguration of existing refineries	> \$60 billion
Refined products transportation	Jet fuel, gasoline, diesel and other refined products pipelines	> \$8 billion
Gathering & Processing	More than 2.5 Bcfd of new gathering & processing systems	> \$8 billion
Gas pipelines	Plans for 16 new pipelines covering more than 10,000km	\$23 billion
Gas storage	Estimated market need for 500 Bcf of underground storage	> \$25 billion
Electricity		
Electricity generation	47GW of capacity additions over the next 15 years	\$60 billion
Electricity transmission	More than 21,000 miles of transmission and distribution lines required (2013-2027)	\$16 billion
Electricity distribution		\$22 billion

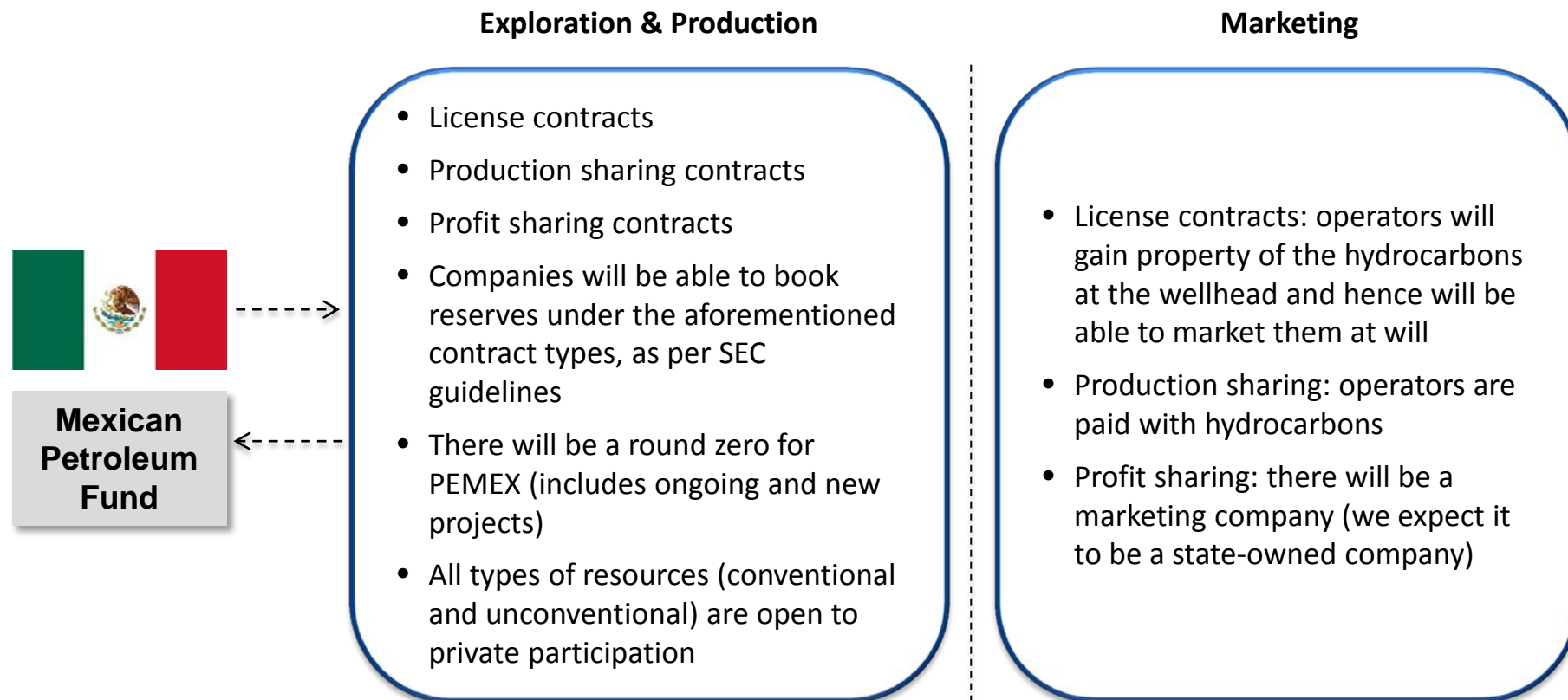
Appendix 1: Mexico Energy Reform

New energy sector institutional arrangement



Energy reform timeline





Hydrocarbons production outlook:

- Replacement rate above 100%
- Increase in crude oil production from 2.5 MMBD to 3 MMBD in 2018 and 3.5 MMBD in 2025
- Increase in natural gas production from 5.7 BCFD to 8 BCFD in 2018 and 10.4 BCFD in 2025

Midstream & Downstream (Petroleum)

Crude Processing


- Private sector participation in the construction and operation of refineries and petrochemicals production facilities
- Regulated services. Private sector participation will be through a permit regime. It remains unclear who will impose/define technical regulation

Storage & Transportation

- Private sector participation in the construction and operation of oil products storage & transportation facilities
- Regulated services. Private sector participation will be through a permit regime

Distribution & Marketing

- Private sector participation in the distribution and marketing of all oil products
- Regulated services. Private sector participation will be through a permit regime

 Opportunity for IEnova

Gas Processing

- Private companies will be able to participate in the construction and operation of gas processing facilities
- Permits will be granted by SENER. It remains unclear who will impose/define technical regulation

Storage & Transportation

- CENAGAS will be in charge of the operations of the National Pipeline & Storage System (current PEMEX infrastructure)
- Independent private systems remain unchanged

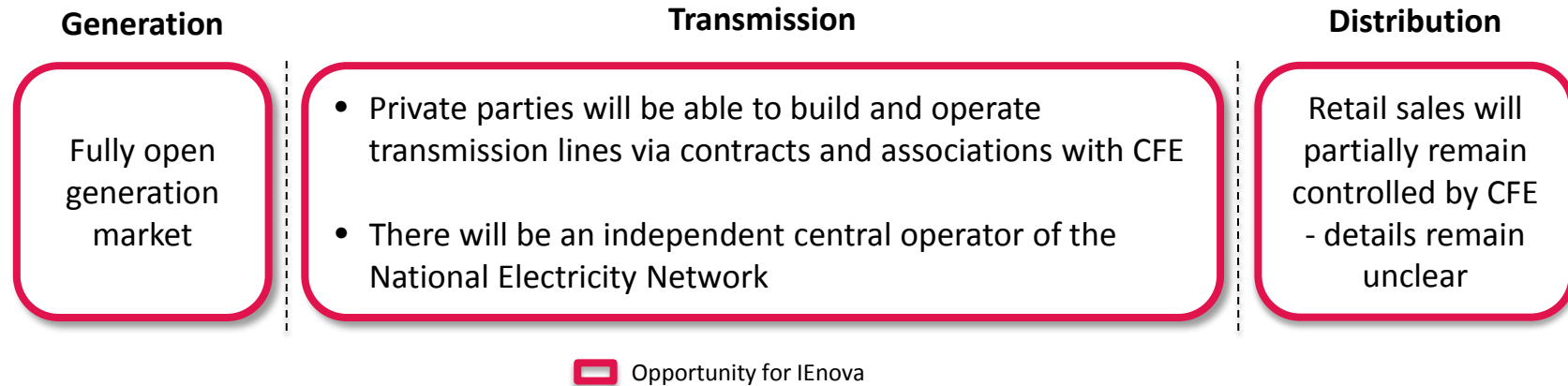
Distribution & Marketing

- A market deepening is expected as a by-product of the opening of other value chain segments
- Entrance of new marketers is expected, as marketing is an unregulated service

 Opportunity for IEnova

Defining Details:

- CENAGAS will be created upon approval of the secondary law (CENAGAS law) as an independent central operator, granting open access to the system
- Upon publication of the CENAGAS law, PEMEX must immediately transfer all its storage and transportation contracts to CENAGAS. Secondary law will define the terms and timing for CENAGAS to acquire all PEMEX's storage and transportation assets
- CRE remains as first-hand sales, storage, transportation and distribution regulator
- PEMEX keeps processing facilities



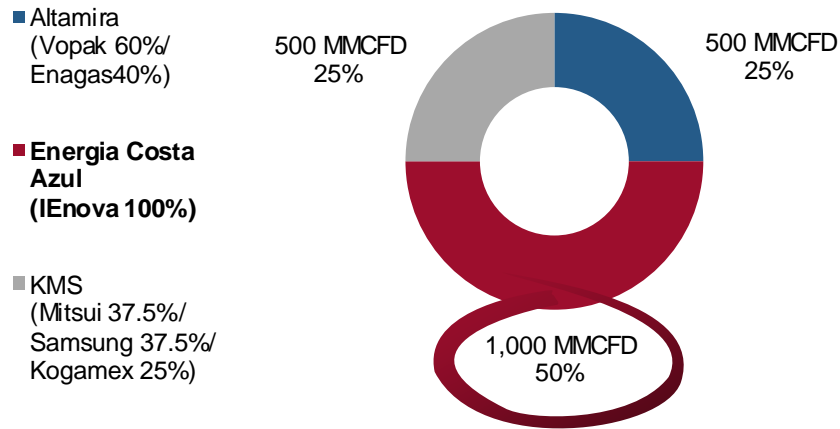
Defining Details:

- CENACE will be created upon approval of the amended secondary law as a independent central operator, granting open access to the system and establishing electric dispatch based on the lowest energy costs
- Upon publication of the amended law, CFE must immediately transfer all its transmission and distribution contracts to CENACE. Secondary law will define the terms and timing for CENACE to acquire all CFE's transmission and distribution assets
- CRE remains as regulator: in charge of granting generation permits, issuing open seasons for transmission and determining transmission and distribution rates
- CFE keeps old generation facilities and remains as a marketer
- Participation of private companies in marketing may take place through direct contracts with end-users and capacity reserve agreements with CENACE (details remain unclear and subject to definition in secondary legislation)
- **Details on transmission and distribution are unclear and will depend upon the final definition of "public service"**

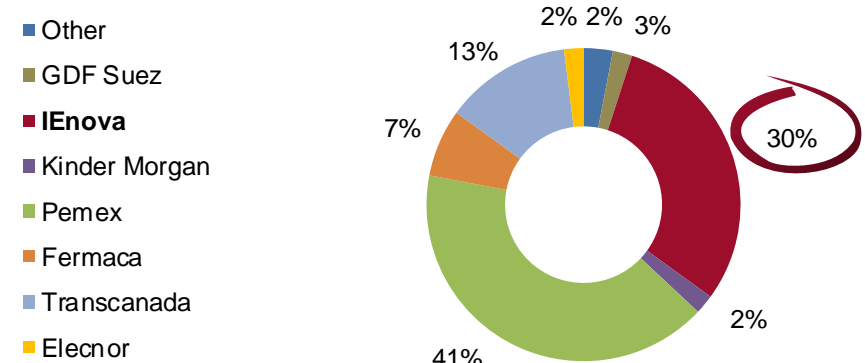
Appendix 2: Additional Company Detail

Competitive landscape

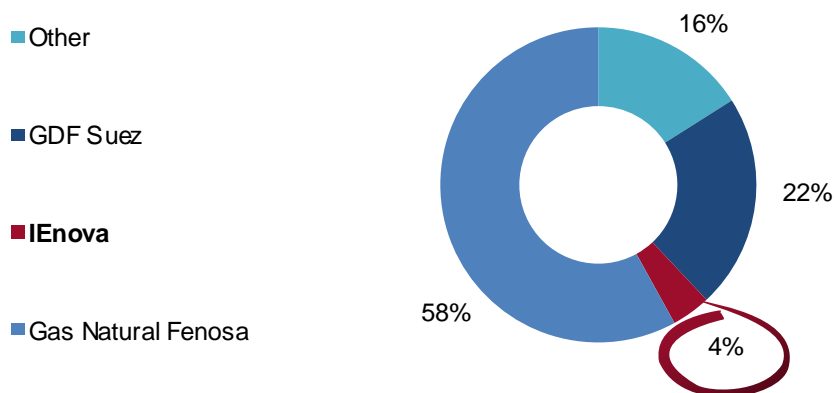
LNG Terminals⁽¹⁾



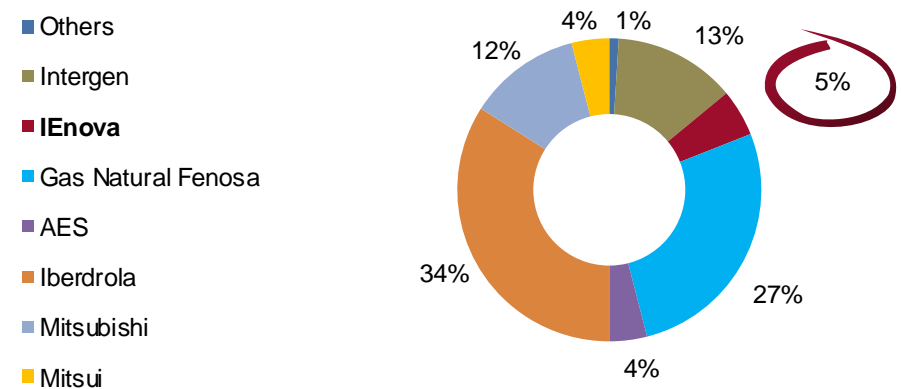
Natural Gas Pipelines⁽¹⁾



Natural Gas Distribution (proportional # of clients)



Electricity Generation Plants (MW)

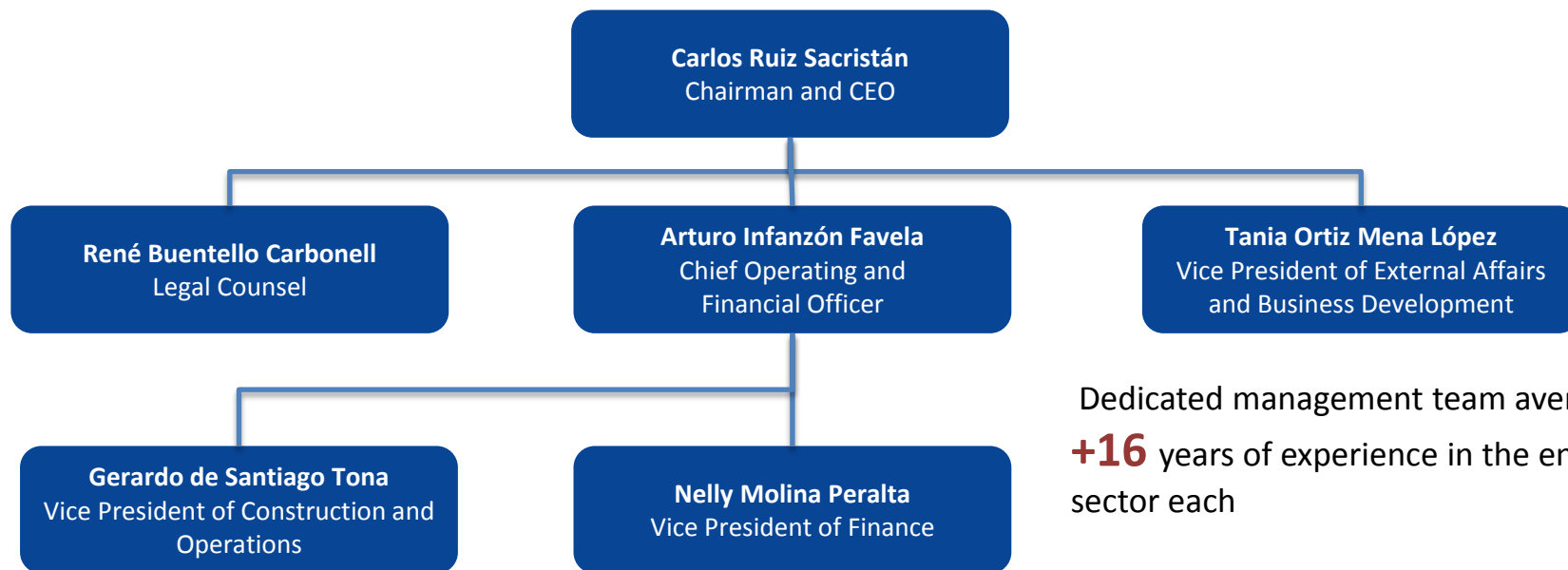


Source: "Prospectiva de Gas Natural 2010–2025"; "Prospectiva del Sector Eléctrico 2010–2025", CFE

Note: Natural Gas Pipelines breakdown includes Los Ramones pipeline.

(1) Million cubic feet per day.

Experienced management team



Dedicated management team averaging **+16** years of experience in the energy sector each

Board of Directors⁽¹⁾

3 of **9** independent board members

- Carlos Ruiz Sacristán (*Chairman*)
- George Liparidis
- Mark Snell
- Joseph Householder
- Eduardo Pawluszek
- Arturo Infanzón (CP)
- Andres Conesa (IM/CP/AC)
- Aaron Dychter (IM/CP/AC)
- Jeffrey Davidow (IM/CP/AC)

Note: IM – Independent Member, CP – Corporate Practices, AC – Audit Committee.

(1) James Lambright serves as Alternate Director to Mark Snell. Randall Clark, René Buentello and Rodrigo Cortina serve as non-member Secretary, Pro-Secretary and Pro-Secretary, respectively.

IEnova – natural gas portfolio

	Ownership	Length of Pipelines (km)	Capacity	% of Capacity under Long Term Contract	Contract term (yrs)	Commercial Operational Date	Customers
Natural Gas Systems							
Baja East Pipeline System	100%	302	3,450MMcfd	90%	20	Aug-02	Shell, Gazprom, Sempra LNG Marketing Mexico, InterGen, North Baja Pipeline (TransCanada), TdM power generating facility (affiliate company)
Baja West Pipeline System	100%	45	940MMcfd	100%	20	Jun-00	
Aguaprieta Pipeline	100%	13	200MMcfd	25%	25	Nov-02	Kinder Morgan
San Fernando Pipeline*	50%	114	1,000MMcfd	100%	20	Nov-03	Pemex Gas
Samalayuca Pipeline*	50%	37	272MMcfd	51%	Annual	Dec-97	Pemex Gas, CFE
Naco Compression Station	100%	NA	90MMcfd	100%	20	Sep-01	Pemex Gas
Gloria a Dios Compression Station	50%	NA	60MMcfd	100%	20	Oct-01	CFE
Los Ramones ⁽¹⁾	50%	110	2,100MMcfd		20	2H 2014	Pemex Gas
LPG System							
TDF Pipeline*	50%	190	30,000 Bld	100%	20	Dec-07	Pemex Gas
LPG Storage Facilities							
Guadalajara LPG Storage Terminal*	50%	NA	80,000 Bld	100%	15	1H13	Pemex Gas
Sonora Pipeline Expansion							
Sasabe-Guaymas	100%	505	770MMcfd	100%	25	Oct-14	CFE
Guaymas-El Oro	100%	330	510 MMcfd	100%	25	Oct-16	CFE
LNG Facilities							
Energia Costa Azul	100%	NA	1 Bcf/d	100%	20	May-08	Sempra LNG Marketing (who sells to CFE), Gazprom and Shell
Ethane Transportation							
Ethane Pipeline	50%	226	152 MMcfd	100%	21	3Q 2014	Pemex Gas

*Assets under 50%JV with Pemex Gas

(1) Represents phase 1 of Los Ramones project only.

Historical annual financials - income statement

(US\$ in millions)	2010	2011	2012
Revenue	\$799.7	\$822.5	\$607.6
Cost of natural gas	436.7	422.7	253.3
Gross income	363.1	399.8	354.3
Administrative and other expenses	80.9	73.8	76.4
Depreciation and amortization expenses	62.9	63.1	61.3
Interest income	0.5	0.9	1.0
Finance costs	26.6	18.2	11.3
Other losses	13.7	16.1	8.8
Profit before income tax and share of profits in JV	179.5	229.5	197.4
Income tax expense	26.4	76.0	40.8
Share of profits in JV, net of income tax	18.5	21.6	37.4
Net income	\$171.6	\$175.1	\$194.0

Historical annual financials - balance sheet

(US\$ in millions)	2010	2011	2012
Assets			
Current assets:			
Cash and cash equivalents	\$54.4	\$27.4	\$85.1
Other current assets	161.0	122.6	151.9
Total current assets	\$215.4	\$149.9	\$237.0
Non-current assets:			
Investments in joint venture	272.6	294.2	331.6
Property, plant and equipment	1,937.9	1,886.0	1,884.7
Other non-current assets	58.2	53.8	47.4
Total non-current assets	\$2,268.6	\$2,233.9	\$2,263.8
Total assets	\$2,484.0	\$2,383.8	\$2,500.7
Liabilities			
Current liabilities:			
Total current liabilities	\$86.7	\$88.0	\$160.2
Non-current liabilities:			
Long-term indebtedness	534.7	334.7	331.8
Other non-current liabilities	228.6	265.9	245.6
Total non-current liabilities	\$763.3	\$600.6	\$577.4
Total liabilities	\$850.1	\$688.6	\$737.6
Shareholders' equity			
Total shareholders' equity	\$1,634.0	\$1,695.3	\$1,763.1
Total equity and liabilities	\$2,484.0	\$2,383.8	\$2,500.7

Historical annual financials - cash flow statement

(US\$ in millions)	2010	2011	2012
Cash flows from operating activities			
Profit for the year	\$171.6	\$175.1	\$194.0
<i>Adjustments for:</i>			
Income tax expense	26.4	76.0	40.8
Share of profits of joint ventures	(18.5)	(21.6)	(37.4)
Finance costs	26.6	18.2	11.3
Depreciation of non-current assets	62.8	62.9	61.2
Other adjustments	16.2	3.4	0.4
Total adjustments	285.1	314.0	270.3
Movements in working capital:	(6.4)	45.4	(61.3)
Cash generated from operations	\$278.7	\$359.4	\$208.9
Income taxes paid	(71.5)	(61.5)	(35.5)
Net cash generated by operating activities	\$207.2	\$297.9	\$173.4
<i>Cash flows from investing activities</i>			
Effects of combining Semptra Gasoductos México	15.3	–	–
Interest received	0.5	0.9	1.0
Payments for property, plant and equipment	(37.8)	(20.5)	(47.3)
Payments for long-term service agreements	(5.5)	(6.1)	(3.0)
Net cash (used in)/ generated by investing activities	(\$27.4)	(\$25.8)	(\$49.3)
<i>Cash flows from financing activities</i>			
Interest paid	(25.7)	(18.0)	(9.4)
Proceeds from loans from related parties	816.2	488.1	209.0
Repayment of loans to related parties	(931.5)	(688.1)	(128.7)
Dividends paid	–	(80.0)	(140.1)
Net cash used in financing activities	(\$141.0)	(\$298.1)	(\$69.2)
Net (decrease)/ increase in cash and cash equivalents	38.7	(25.9)	54.9
Cash and cash equivalents at the beginning of the year	14.3	54.4	27.4
Effects of FX rate changes on the cash held in foreign currencies	1.4	(1.1)	2.8
Cash and cash equivalents at the end of the year	54.4	27.4	85.1